

Senate Bill 1549

Sponsored by Senators THATCHER, SOLLMAN, Representative EVANS; Senator MEEK (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Exempts from state income tax up to \$17,500 received by a person 62 years of age or younger as retirement pay or pension for service in the Armed Forces. The Act applies to tax years that start on or after January 1, 2024. The Act takes effect on the 91st day after sine die. (Flesch Readability Score: 62.4).

Exempts from state income tax for a taxpayer who has not attained 63 years of age before the close of the taxable year for which a return is filed and is receiving retirement pay or pension for service in the Armed Forces of the United States up to \$17,500 in retirement pay or pension received for service in the Armed Forces of the United States.

Applies to tax years beginning on or after January 1, 2024.
Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to taxable income exemption for military taxpayers; and prescribing an effective date.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Section 2 of this 2024 Act is added to and made a part of ORS chapter 316.**

5 **SECTION 2. (1) As used in this section, "Armed Forces of the United States" includes**
6 **the regular and reserve components of the Army, Navy, Air Force, Marine Corps, Coast**
7 **Guard and Space Force of the United States and the National Guard.**

8 **(2) There shall be subtracted from federal taxable income for a taxpayer who has not**
9 **attained 63 years of age before the close of the taxable year for which a return is filed and**
10 **whose federal taxable income includes retirement pay or pension for service in the Armed**
11 **Forces of the United States up to \$17,500 in retirement pay or pension received for service**
12 **in the Armed Forces of the United States.**

13 **(3) The total amount subtracted under subsection (2) of this section may not exceed the**
14 **taxpayer's total retirement pay or pension received for service in the Armed Forces of the**
15 **United States included in the taxpayer's federal taxable income for the tax year.**

16 **(4)(a) The Department of Revenue shall adjust annually the maximum dollar amount al-**
17 **lowed under subsection (2) of this section to reflect any percentage increase in the cost of**
18 **living for the previous calendar year, based on changes in the Consumer Price Index for All**
19 **Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics**
20 **of the United States Department of Labor.**

21 **(b) If the dollar amount of the increase determined under paragraph (a) of this sub-**
22 **section is not a multiple of \$50, the Department of Revenue shall round the dollar amount**
23 **of the increase to the next lower multiple of \$50.**

24 **(5) The department may adopt rules for carrying out the provisions of this section.**

25 **SECTION 3. Section 2 of this 2024 Act applies to tax years beginning on or after January**
26 **1, 2024.**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **SECTION 4.** Notwithstanding sections 2 (4) and 3 of this 2024 Act, the Department of
2 Revenue shall first adjust the maximum dollar amount allowed under section 2 (2) of this
3 2024 Act for the tax year beginning on January 1, 2025.

4 **SECTION 5.** This 2024 Act takes effect on the 91st day after the date on which the 2024
5 regular session of the Eighty-second Legislative Assembly adjourns sine die.
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