

## Background

Senate Bill 1549 proposes to allow a state subtraction to taxable retirement compensation on a personal income tax return beginning with tax year 2024, to be filed in 2025. The subtraction would be allowed for a taxpayer 62 years of age or younger, and whose federal taxable income includes retirement compensation for service in the Armed Forces of the United States. The subtraction amount is up to \$17,500 for each veteran.

## Possible Suggested Amendment

As drafted, provisions of SB 1549 may allow a person to “double dip” by claiming two subtractions on the same income. Veteran’s 62 years of age or younger that qualify for SB 1549 may also qualify for the existing Federal Pension Income tax subtraction.

If that is not the legislative intent, and to avoid the potential of a double deduction, the department suggests limiting the subtraction of the same income only once. This can be accomplished by including the following language in SB 1549, “Any amount already subtracted under ORS 316.680(1)(e) may not be subtracted under this section.”

## Agency Contact

Marjorie Taylor, Legislative Director, [marjorie.taylor@dor.oregon.gov](mailto:marjorie.taylor@dor.oregon.gov), phone: (503) 476-7644

Ben Gille, Personal Tax and Compliance – Policy and System Section Manager,  
[benjamin.p-jr.gille@dor.oregon.gov](mailto:benjamin.p-jr.gille@dor.oregon.gov), phone: (503) 899-0934