

SB 225 Military pension tax exemption

House Committee on Revenue – John Calhoun – 6.10.2025



My name is John Calhoun and I am representing Tax Fairness Oregon, a network of volunteers who advocate a rational and equitable tax code.

SB 225 exempts from state income tax a portion of military retirement pay. Tax Fairness Oregon opposes policies that treat one kind of income differently than another.

Proponents claim that the tax exemption would attract recent military retirees to Oregon employers and universities. They believe that our veteran population is declining because we don't do enough for veterans. However, the VA reports that the national vet population has declined by 26% between 2000 and 2020 as 20th century vets die off, but Oregon has declined by only 24%. So we have done better than other states.

We also don't believe this bill will change anything. The average benefit of \$1,500 is insufficient to motivate many retirees. For those adverse to income taxes, states with no income tax, many military bases, and ample military contractors (for example Washington, Texas, and Florida) will remain more appealing. In addition, **more than 80% of the military today do not stay and get a pension and SB 225 will not motivate any of them to move to Oregon**

SB 225 is not designed to help veterans that need help. This benefit is not based upon war wounds, other disabilities, combat experience, homelessness, or income level. **Less than 4% of current Oregon veterans would get this exemption** and half of this small sliver already have incomes above the median Oregon household income of \$80,000.

So, in addition to the issues I pointed out last week regarding the unfairness of this legislation, the potential mischief it could create with other government pension recipients, and the taking of funds from legislatively stated higher priorities, our opinion is that this legislation would accomplish none of the claims of the proponents. It is a costly misuse of taxpayer funds and it will only marginally change our bottom ranking in Wallet Hub amongst states for military retirees.

The underlying motivation for this bill is a desire to honor veterans and show them respect. I know something about respect. It is what I did not get when I came back from Vietnam. For much of my life I was not shown any respect for serving my country in a war. But getting an annual payment for my service now would not make me feel better. What I want is a government and a society that says thank you and does not denigrate my service as happened when I returned and continues today by some in leadership. What I want is a VA that is properly funded and can provide proper medical care to all veterans that need it. A strong bipartisan message to Washington from this legislature objecting to VA budget cuts might be more beneficial to more veterans than passing this bill.

We read the bills and follow the money