

REVENUE: Revenue statement issued

FISCAL: Minimal fiscal impact; no statement issued

Action: Do Pass

Vote: 8-0-1

Yeas: Berger, Bruun, Butler, Gelser, Olson, Rosenbaum, Witt, Barnhart

Nays:

Exc.: Read

Prepared By: Chris Allanach, Economist

Meeting Dates: 2/26, 3/19

WHAT THE BILL DOES: Extends the exemption of military duty compensation from personal income tax to include active duty service performed by the Oregon National Guard, military reservists or organized militia while away from home. The duty must consist of service where the taxpayer is required to be away from home overnight for a period of three consecutive weeks or more. Permits the filing of claims for a refund for tax years 2001 through 2004. Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- The 2005 legislation addressing this issue (HB 2933)

EFFECT OF COMMITTEE AMENDMENTS: None

BACKGROUND: The 2005 Legislature intended to exempt this income from the personal income tax. The language used to achieve this goal restricted the exemption to compensation associated with a change in status from Title 32 to Title 10 of the United States Code. However, only the National Guard is affected by the change in status. (Military reservists always serve under Title 10.) This bill modifies the language so that active duty reservists (or organized militia) serving in Oregon are also eligible for the exemption.