

REVENUE: May have revenue impact, statement not yet issued

FISCAL: Minimal fiscal impact, no statement issued

Action:	Do Pass and Be Referred to the Committee on Revenue by Prior Reference
Vote:	4 - 0 - 1
Yeas:	Boquist, Cowan, Schaufler, Barker
Nays:	0
Exc.:	Scott
Prepared By:	Jim Keller, Administrator
Meeting Dates:	2/1, 2/6

WHAT THE MEASURE DOES: Modifies the exemption from personal income tax for military duty compensation to include any service performed by the National Guard or military reserves while on active duty, if duty consists of service away from home for a period of three consecutive weeks or more. Permits the filing of claims for a refund for certain tax years for which the existing statute of limitations would bar claims. Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Security duty at airports and the Umatilla Depot
- Annual two week training

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Under current statutes, compensation, including death gratuity, is exempt from taxation while the member of the Oregon National Guard, military reserve or the organized militia is serving under Title 10 status (Federal Active duty).

House Bill 2026 would remove the requirement that the service would need to be performed under Title 10 status and allow the exemption if the military service was performed when the member was away from home overnight or if the duration of service is for three consecutive weeks. The bill would also allow the taxpayer to file a claim for a refund retroactive to January 1, 2001.