

**74TH OREGON LEGISLATIVE ASSEMBLY
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE**

**MEASURE: HB 3201-A
CARRIER: Rep. Read**

REVENUE: Revenue statement issued

FISCAL: Minimal fiscal impact; statement not issued

Action: Do pass as amended and be printed engrossed
Vote: 8-0-1
Yeas: Berger, Butler, Gelser, Olson, Read, Rosenbaum, Witt, Barnhart
Nays:
Exc.: Bruun
Prepared By: Chris Allanach, Economist
Meeting Dates: 5/17, 5/25

WHAT THE BILL DOES: Increases the limit on the subtraction for active duty compensation earned in Oregon from \$3,000 to \$6,000. Creates a subtraction for income earned by employees of the Oregon Military Department for performing duties for the Oregon National Guard Youth Challenge Program, up to \$6,000 per year. Creates a credit for physicians who provide medical care to residents of an Oregon Veterans' Home. The credit is the lesser of \$1,000 for every eight residents served or \$5,000. The credit is non-refundable and may not be carried forward. Requires the physician to submit with their tax return a letter from the Oregon Veterans Home confirming that the physician missed no more than five percent of their scheduled visits. Applies first in tax year 2008.

ISSUES DISCUSSED:

- Goal of obtaining an on-site physician for the Oregon Veterans' Home
- Benefits of the Oregon Youth Challenge Program
- Affect of inflation on the \$3,000 limit for active duty service performed in Oregon
- Plans to continue work on veterans issues in the Senate

EFFECT OF COMMITTEE AMENDMENTS: Replaces original bill.

BACKGROUND:

In tax year 2005, roughly 11,700 taxpayers subtracted \$175.3 million in active duty compensation resulting in a combined reduction in tax liability of roughly \$14 million. Roughly 90% of the subtraction was for amounts greater than \$6,000 per taxpayer.

For the 2007-09 biennium, the Military Department projects 46 employees are expected to perform duties for the Oregon National Guard Youth Challenge Program.

According to the Oregon Department of Veteran Affairs, there are roughly 135 resident veterans at the Oregon Veterans' Home. They are currently served by 10 part-time physicians.

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This summary has not been adopted or officially endorsed by action of the committee.