

STAFF MEASURE SUMMARY

House Committee On Veterans and Emergency Preparedness

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

Action Date: 04/07/15

Action: Do Pass And Be Referred To Revenue By Prior Reference

Meeting Dates: 03/12, 04/07

Vote:

Yeas: 7 - Boone, Esquivel, Evans, Huffman, Lively, Parrish, Piluso

Prepared By: Bryan Guiney, Committee Administrator

WHAT THE MEASURE DOES:

Creates subtraction from taxable federal survivor benefits. Directs Oregon Department of Veterans' Affairs (ODVA) and Department of Revenue (DOR) to administer.

ISSUES DISCUSSED:

- Provisions of measure

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

A member of the Armed Forces may choose to purchase the federal Survivor Benefit Plan (SBP) annuity. The SBP is for surviving spouses and dependents of veterans. The funds used to purchase the annuity are treated as a non-taxable contribution; however the survivor pay-out benefits are taxed as income. Title 10 U.S. Code §1448 details application of the plan and 10 U.S.C. §1450 addresses annuity payments and beneficiaries.

House Bill 3029 makes the first \$30,000 of survivor benefits non-taxable; 50 percent of the remaining benefit above the first \$30,000 non-taxable; and, for a survivor who is blind or disabled, the entire benefit would be non-taxable. House Bill 3029 also directs the Oregon Department of Veterans' Affairs to establish criteria and policies for implementation of a subtraction from federal taxable income for these federal survivor benefits, in consultation with the Department of Revenue.