

**HB 2234 STAFF MEASURE SUMMARY**

**House Committee On Veterans and Emergency Preparedness**

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**Prepared By:** Bradley Volk, LPRO Analyst

**Sub-Referral To:** House Committee On Revenue

**Meeting Dates:** 2/23

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**WHAT THE MEASURE DOES:**

Permits surviving spouse or dependent child of service member to subtract qualifying military benefits from federal taxable income beginning on or after January 1, 2017. Allows the total amount of qualifying benefits to be subtracted if the survivor is blind or disabled, and up to \$30,000 plus 50 percent of amounts over \$30,000, to be subtracted by other survivors. Requires rulemaking by the Oregon Department of Veterans' Affairs in consultation with the Department of Revenue. Amends Oregon Revised Statute (ORS) Chapter 316 by creating a subtraction from federal taxable income, used as the basis for Oregon taxable income, for any qualifying benefits paid to the surviving spouse or dependent child of a service member.

*FISCAL: May have fiscal impact.*

*REVENUE: May have revenue impact.*

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

**BACKGROUND:**

Generally, subtractions are items the federal government taxes but Oregon does not. Subtractions reduce the amount of income taxed by Oregon. The Oregon Revised Statutes, Chapter 316, already permit several types of subtractions of income. House Bill 2234 would expand the list of legal subtractions of income when calculating Oregon income taxes.

House Bill 2234 allows the surviving spouse or dependent child of a service member to exclude qualifying military benefits from taxable income. Effective on the 91st day after the date on which the 2017 regular session adjourns sine die.