

DRAFT

SUMMARY

Exempts from state income tax military pay received by Oregon National Guard service member on state active duty. Applies to tax years beginning on or after January 1, 2020.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to military pay; creating new provisions; amending ORS 316.792; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 316.792 is amended to read:

316.792. (1) As used in this section:

(a) “Armed Forces of the United States” means all regular and reserve components of the United States Army, Navy, Air Force, Marine Corps and Coast Guard and other uniformed services under the orders of the President of the United States.

(b) “Military pay” means pay for active duty, inactive duty, training and reserve component duty, including state active duty, and any other compensation, other than retirement pay or pension, paid by the Armed Forces of the United States to a member of the Armed Forces of the United States.

(c) “Reserve component duty” includes duty performed as a member of the reserve components that is not federal active duty.

(d) “Reserve components” includes all National Guard and reserve departments of the Armed Forces of the United States.

(e) “State active duty” means state active duty as defined in the Oregon Code of Military Justice, published June 30, 2020.

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 [(e)] (f) "Uniformed services" includes the commissioned corps of the Na-
 2 tional Oceanic and Atmospheric Administration and the United States Public
 3 Health Service.

4 (2) There shall be subtracted from federal taxable income military pay
 5 received for:

6 (a) Service performed outside this state in the year of initial draft or
 7 enlistment or in the year of discharge.

8 (b) Service performed outside this state during any month beginning on
 9 or after August 1, 1990, and before the date designated by the President of
 10 the United States as the date of termination of combatant activities in the
 11 Persian Gulf Desert Shield area.

12 (c) Service by a member of the reserve components, if:

13 (A) The military pay is for service performed when the taxpayer is away
 14 from the home of the taxpayer overnight;

15 (B) The taxpayer is required to be away from home overnight in order to
 16 perform the service; and

17 (C) The service is of a duration of at least 21 consecutive days, although
 18 the consecutive days need not be in the same tax year.

19 **(d) Service performed by a member of the Oregon National Guard**
 20 **while on state active duty.**

21 [(d)] (e) Service not otherwise qualified for a subtraction under para-
 22 graphs (a) to [(c)] (d) of this subsection, not to exceed \$6,000 per year.

23 (3) The total amount subtracted under this section may not exceed the
 24 taxpayer's total military pay included in federal taxable income for the tax
 25 year.

26 **SECTION 2. The amendments to ORS 316.792 by section 1 of this**
 27 **2022 Act apply to tax years beginning on or after January 1, 2020.**

28 **SECTION 3. This 2022 Act takes effect on the 91st day after the date**
 29 **on which the 2022 regular session of the Eighty-first Legislative As-**
 30 **sembly adjourns sine die.**