



Tax Exemption for Oregon National Guard Members on State Active Duty

EANGOR urges the Oregon State Legislature to remove state taxes on earned pay while Oregon National Guard members are on State Active Duty.

Oregon National Guard members are activated to State Active Duty (SAD) multiple times a year for numerous reasons as approved by the Governor. These SAD orders have three pay benefits lumped into one daily pay; Base Pay, Basic Allowance for Housing (BAH), and Basic Allowance for Substance (BAS). The State of Oregon currently taxes this daily SAD pay, but our Guardsmen are serving on other types of orders; the BAH and BAS are both federally and State tax exempt.

As stated in Oregon State Law, ORD 399.075: The Adjutant General, with the approval of the Governor, may order members of the organized militia to state active duty as defined in the Oregon Code of Military Justice. Members, while on state active duty, shall receive not less than the pay and allowances of their corresponding grades in the Armed Forces of the United States in accordance with a schedule approved by the Adjutant General for the period of time in state active duty. State active duty under this subsection includes, but is not limited to, support of federal, State and local drug eradication, interdiction and other counterdrug operations under a counterdrug support plan approved by the Governor, and reasons related to homeland security.

Currently, the Oregon Department of Revenue has a military tax exemption; it states: If you are an Oregon resident stationed in Oregon, file Form OR-40. Up to \$6,000 of your military pay may qualify for a subtraction. **Military pay subtractions-** You may qualify for one or more of the subtractions below if your federal Adjusted Gross Income (AGI) includes military pay. Military pay includes active duty pay; reenlistment bonuses; and pay for guard and reserve annual training, weekend drills, and inactive duty training. **Stationed outside Oregon-** For military pay earned while stationed anywhere outside Oregon. Guard and reserve away from home—For military pay earned by National Guard members or reservists assigned away from home 21 days or more. **Other military pay**—For any remaining taxable military pay after taking the above subtractions, up to \$6,000. Your total subtraction can't be more than the total military pay included in federal AGI. Military pay not included in federal AGI isn't taxed by Oregon and can't be subtracted.

ORS 307.286 also states this about Active Duty Military Service Exemption claims: ORS 307.286(1) requires the service member to be serving in the Oregon National Guard or military reserve and then perform at least 179 consecutive days of service under Title 10 or under the Emergency Management Assistance Compact (EMAC). You may claim exemption for each tax year during which you served at least one day of your qualified service. You must be serving in the Guard or reserves and be ordered to federal active duty or deployed under EMAC to qualify for this exemption. If you are in regular active enlistment or on a regular tour of duty, you don't qualify for this exemption.

In summary, none of the current Oregon laws or statutes protect tax exemption for State Active Duty orders, it only protects pay for active duty pay, guard and reserve training, weekend drills, and inactive duty pay. EANGOR would urge Oregon State Legislation to exempt State Active Duty pay from Oregon State taxes.

For further information, don't hesitate to contact Grant Roper the EANGOR Vice President – Air at (360) 910-4100 or email at grantroper32@gmail.com.