

Description of Measures

SB 515 (Intro)

Exempts from Oregon personal income tax, retirement pay or pension income received as a result of service in the Armed Forces for the United States. Defines terms. Applies to tax years 2024 through 2029.

SB 515 w/means test \$60K (S) | 80K (J)

Same as SB 515 intro, though limited to taxpayers with AGI ≤ \$60K if a single filer or AGI ≤ \$80K for joint filers. Applies to tax years 2024 through 2029.

SB 540 -1, -2 amendments

Exempts from Oregon personal income tax, up to \$17,500 (indexed to inflation) in military retirement or pension income and up to \$17,500 (indexed to inflation) in retirement pay or pension income received from other sources (excluding OR PERS retirement income). Requires taxpayer to be under 63. Applies to tax years 2023 through 2028.

SB 540 -1, -2, -3 amendments

Exempts from Oregon personal income tax, up to \$17,500 (indexed to inflation) in retirement or pension income received for service in the Armed Forces of the United States. Requires taxpayer to be under 63.

Subtraction for Milt. Retirement & Other Retirement

Subtraction for military retirement income and other income retirement/pension income. Taxpayer must be under 63 and have AGI ≤ \$60K if a single filer or AGI ≤ \$80K for joint filers. \$60/\$80K AGI thresholds are indexed to inflation. Applies to tax years 2023 through 2028.

Subtraction for Milt. Retirement & Other Retirement

Subtraction for military retirement income only. Taxpayer must be under 63 and have AGI ≤ \$60K if a single filer or AGI ≤ \$80K for joint filers. \$60/\$80K AGI thresholds are indexed to inflation. Applies to tax years 2023 through 2028.

Preliminary Revenue Impact

Preliminary Revenue Impact Estimates \$ Millions							
Measure	----- Tax Year -----						
	2023	2024	2025	2026	2027	2028	2029
SB 515 Intro		-\$30.3	-\$32.6	-\$35.1	-\$37.7	-\$40.1	-\$42.6
SB 515 w/means test \$60K (S) \$80K (J)		-\$7.1	-\$7.7	-\$8.3	-\$8.9	-\$9.4	-\$10.0
SB 540 -1,-2 Subt. milt. retirement inc. (<17.5K) & Oth. Ret. Inc. (<17.5K) Age<63 Excludes OR PERS Indexed w/CPI	-\$11.3	-\$11.8	-\$12.3	-\$12.8	-\$13.3	-\$13.8	
SB 540 -1,-2,-3 Subt. milt. retirement inc. <17.5K Age<63 Indexed w/CPI	-\$9.2	-\$9.7	-\$10.2	-\$10.6	-\$11.1	-\$11.6	
Subt for Milt. Retirement & Other Retirement Inc. Age <63 AGI ≤ \$60K (S), \$80K (J), Indexed w/CPI	-\$4.1	-\$4.3	-\$4.5	-\$4.7	-\$4.9	-\$5.0	
Subt for Milt. Retirement & Other Retirement Inc. Age <63 AGI ≤ \$60K (S), \$80K (J), Indexed w/CPI	-\$3.1	-\$3.2	-\$3.4	-\$3.5	-\$3.7	-\$3.8	

These estimates were made through an analysis of tax return data, published figures of retired military personnel and the military retirement system.

Under current law, Oregon exempts from income tax federal pension income attributable to federal employment prior to October 1, 1991. The effect of this existing exclusion is that some of the income that would be made exempt from taxation under SBs 515 and 540 is already exempt under current Oregon law. As SB 540 is available to retired military under 63, less of the income to be exempt under SB 540 is already exempt because fewer retired military members under 63 have as much income attributable to federal employment pre-1991. SB 515 by contrast exempts all military retirement pay regardless of age of taxpayer and as such a greater share of the potential income to be exempt is already exempt under existing law. The effect of Oregon’s pre-1991 federal employment exemption is decreasing over time contributing to the faster growth in estimated revenue loss associated with SB 515.

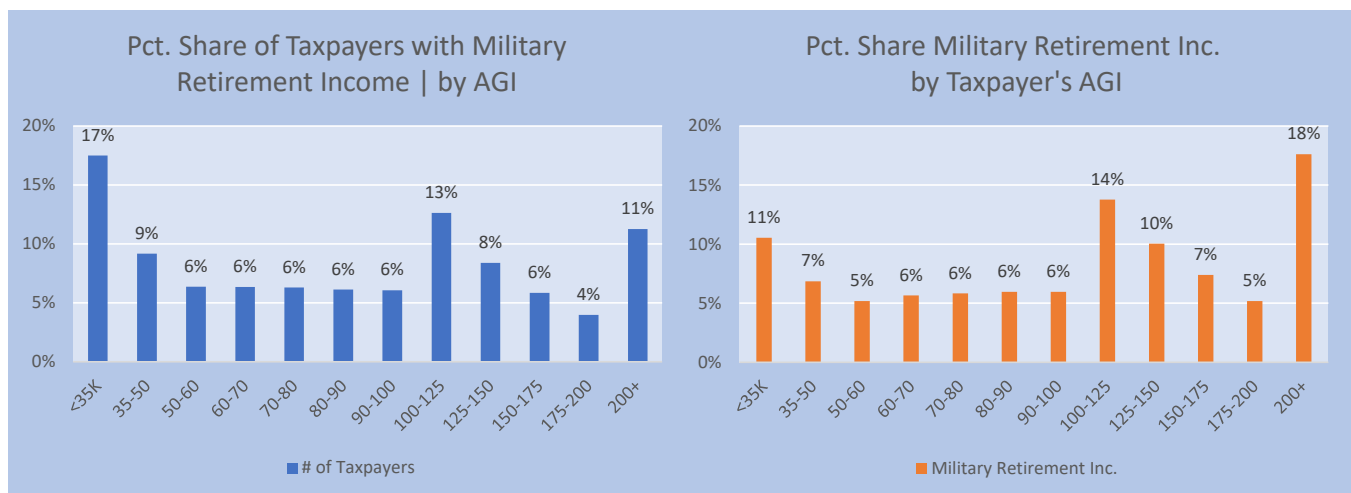
These estimates are preliminary and are subject to further refinement. The estimates provided are displayed by tax year and estimated change in tax liability for the respective tax years.

Distribution of Taxpayers

The charts below present preliminary analysis relating to SBs 515 & 540 and Oregon taxpayers with military retirement income. This is an initial analysis of tax year 2021 data and as such, the information may be further refined.

All Taxpayers with Military Retirement Income (SB 515)

The two column charts below display information on the nearly 20,000 taxpayers reporting military retirement income on their Oregon income tax return. The left column chart reflects the percentage share of taxpayers categorized by adjusted gross income (AGI). The chart to the right displays percentage share of military retirement income categorized by AGI.



Taxpayers (under 63) with Military Retirement Income (SB 540)

The two column charts below display information on the roughly 7,000 taxpayers reporting military retirement income on their Oregon income tax return that are under the age of 63. The left column chart reflects the

percentage share of taxpayers categorized by adjusted gross income (AGI). The chart to the right displays percentage share of military retirement income categorized by AGI.

