



SB 515 Exempts from state income tax veterans' retirement pay or pensions

Senate Finance and Revenue – Maureen Barnhart – 3.22.2023

While the other veterans bill you've heard today exempts the first \$17,500 of military pay from state income taxes, this bill has no limit - it exempts all military pay. Even up to \$200,000 annually for retiring officers.

Several websites list multiple criteria designed to help vets choose what states to retire to. One website of many, Wallethub, evaluated Economic Environment, Quality of Life and Health Care using 29 relevant metrics, with their corresponding weights to determine the best and worst states for military retirement. As info, data used to create Wallethub's ranking were collected from eleven Federal bureaus and the National Conference of State Legislatures.

One metric - each state's tax environment - was given 6.35 of the total 100 points. Similar factors with the same or greater points were given to idealness of weather, access to state-wide VA facilities and quality of VA hospitals.

Where did Oregon rank on the Wallethub report? At the bottom, number 48. Even if Oregon were to magically increase their ranking by those 6.35 points, Oregon's ranking would only increase to the 40th position - still in the bottom 20% - among all states.

These findings as well as 20 other studies shows that determining the best state for military retiree to move to isn't influenced by a handful of factors, such as the state's taxation environment which this bill addresses. Wallethub has 29.

If the reason for this bill is to attract retiring military retirees, lowering taxes is not a tipping point for them to come to Oregon when considering other factors unique to Oregon. And further, exempting any retiree military pay starts us down a slippery slope. Regardless of their age these vets and their families are going to use Oregon public services. Like the rest of us, they need to help pay for the services they need and expect. It's not fair to ask all other Oregonians to pay for the services that are available to them tax-free.

Kevin Costner was right in *Field of Dreams* when he said, "If you build it, he will come." However, passing this bill, with Oregon's current 48th worst state ranking for military to retire to will not, by itself, get them to come. This bill will only reduce our tax revenues.

We read the bills and follow the money