

Submitter: Ben Van Meter

On Behalf Of:

Committee: Senate Committee On Finance and Revenue

Measure: SB1549

The views I express today are my own and do not represent the official position of the U.S. Army or Department of Defense. Everything I state today is only my own personal perspective. I was born and raised in Eugene where I also attended the University of Oregon. I completed the Army Reserve Officer Training Corps (ROTC) program at the University of Oregon and commissioned as a U.S. Army Officer. I've been on active duty for 20 years now, which is the typical milestone for Army members to consider retirement. I'll be 43 years old (as of my official retirement date), so I have plenty of time to start a whole new chapter. What will that chapter look like and where will I start that new chapter? Many future military retirees will be faced with the same question and often the answer comes down to everything from job opportunities to the tax environment. Most military retirees are between 38 and 43 years old (depending on when they first joined the military and actual retirement date). A significant incentive for military personnel to remain on active duty until retirement is that they are immediately eligible to draw a pension after a military career rather than waiting until they are 60 or older. However, the average military retirement pension is not a living wage. Therefore, most military retirees (aged 38-43) will start another career of some kind. This could be continued public service, joining companies within the private sector, or starting a business. There are also programs to help military retirees and veterans start or assume farms. The plethora of resources available can and do support military retirees with their career field choices after retirement. Newly retired military personnel have a wide range of skills they developed during their 20 or more years of service (information technology, cybersecurity, avionics, personnel management, etc). This is a skilled workforce that is exactly what Oregon should want to attract or bring back to the state if they are (or were previously) Oregon residents. However, Oregon faces two disadvantages in attracting skilled and talented military retirees to the state. The first is that Oregon does not have a major military installation where service members may retire from and the second is that Oregon is one of 21 states that taxes military pensions. Taxing military retirement pensions is part of the reason that the website WalletHub recently ranked Oregon last on its "Best States for Military Retirees" list. The additional tax burden serves as a deterrent for attracting military retirees. For example, rather than Oregon, a military retiree could move to (or stay) in Washington where there are multiple major military installations, no state income taxes, and significant job prospects after the military. Oregon needs to provide incentives to compete more effectively with nearby states and that's why I approached my state representative about a bill that would introduce a tax incentive for military retirees. A tax exemption (in part or in whole) on military retirement pensions as stated in SB 1549 is an easy win that will produce a multitude of positive second and third order effects for the

state. Oregon will still be able to draw tax revenue from a military retiree's individual and/or business incomes produced within the state. Our beautiful state needs to bring its military veterans and retirees' home – as well as attract other military retirees to become residents – so they can put their skills, experience, and resources to work in our economy, which will benefit all Oregonians.