

A-Engrossed
House Bill 2050

Ordered by the House April 15
Including House Amendments dated April 15

Sponsored by Representatives MCINTIRE, RESCHKE, YUNKER (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act exempts from state income tax all federal retirement pay or pension received for service in the Armed Forces by certain members of the Armed Forces. The Act applies to tax years that start on or after January 1, 2026. (Flesch Readability Score: 60.1).

[Digest: Exempts from state income tax for a veteran all retirement pay or pension received for service in the Armed Forces. The Act applies to tax years that start on or after January 1, 2026. (Flesch Readability Score: 60.1).]

Exempts from state income tax *[for a taxpayer who is a veteran]* all **federal retirement pay or pension received for service in the Armed Forces of the United States for a taxpayer who is a disabled veteran or member of a reserve component or the National Guard.** Applies to tax years beginning on or after January 1, 2026.

A BILL FOR AN ACT

1
2 Relating to a taxable income exemption for taxpayers who are a veteran.

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

4 **SECTION 1. Section 2 of this 2025 Act is added to and made a part of ORS chapter 316.**

5 **SECTION 2. (1) As used in this section:**

6 (a) **"Armed Forces of the United States"** includes the regular and reserve components
7 of the Army, Navy, Air Force, Marine Corps, Coast Guard and Space Force of the United
8 States and the National Guard.

9 (b) **"Disabled veteran"** means a veteran that has a United States Department of Veterans
10 Affairs total disability rating of 100 percent as a result of an injury or illness that the vet-
11 eran incurred, or that was aggravated, during active military service.

12 (c) **"Veteran"** has the meaning given that term in ORS 408.225.

13 (2) **There shall be subtracted from federal taxable income all federal retirement pay or**
14 **pension received for service in the Armed Forces of the United States for a taxpayer:**

15 (a) **Who is a disabled veteran or member of a reserve component or the National Guard;**
16 **and**

17 (b) **Whose federal taxable income includes federal retirement pay or pension for service**
18 **in the Armed Forces of the United States.**

19 (3) **The total amount subtracted under subsection (2) of this section may not exceed the**
20 **taxpayer's total retirement pay or pension received for service in the Armed Forces of the**
21 **United States that is included in the taxpayer's federal taxable income for the tax year.**

22 (4) **The amount subtracted under subsection (2) of this section may not include any**
23 **amount of retirement pay or pension received for service in the Armed Forces of the United**

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 **States that is subtracted under ORS 316.680 (1)(e).**

2 **(5) The Department of Revenue may adopt rules for carrying out the provisions of this**
3 **section.**

4 **SECTION 3. Section 2 of this 2025 Act applies to tax years beginning on or after January**
5 **1, 2026.**

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