

REVENUE: Revenue Impact Issued
FISCAL: Fiscal Impact Issued

Action: Do Pass as Amended and be Printed Engrossed, and be Referred to Ways and Means
Vote: 6-3-1
Yeas: Bailey, Berger, Gelsner, Read, Riley, Barnhart
Nays: Bentz, Bruun, Sprenger
Exc.: Kahl
Prepared By: Chris Allanach, Economist
Meeting Dates: 2/17; 3/6; 4/22; 4/30; 6/12

WHAT THE BILL DOES: Increases the eligibility age for the additional medical deduction from 62 to 65 in tax year 2010 and then to 67 in tax year 2018. Phases-out the deduction for single filers with income between \$125,000 and \$145,000 and for joint filers with income between \$250,000 and \$290,000. Directs the revenue raised from this policy to be distributed evenly between the Oregon Project Independence Fund and the Elderly and Disabled Special Transportation Fund. Applies to tax years beginning on or after January 1, 2009.

ISSUES DISCUSSED:

- Public service needs of elderly
- Transportation needs of elderly
- Oregon Project Independence

EFFECT OF COMMITTEE AMENDMENTS: Changes the deduction limit to a phase-out; increases the age requirement; redirects the revenue raised from the policy to Oregon Project Independence and Elderly and Disabled Special Transportation services.

BACKGROUND: Taxpayers who itemize deductions may deduct medical and dental expenses that exceed 7.5 percent of their adjusted gross income. This Oregon policy expands the deduction to those qualified medical or dental expenses that total less than 7.5 percent of adjusted gross income. To be eligible for this deduction under current law, taxpayers must be at least 62 years of age and itemize their Oregon deductions (but not necessarily their federal deductions). When combined with the federal deduction, the effect is to allow these taxpayers to subtract the full amount of their medical and dental expenses from Oregon taxable income.