

# House Bill 2651

Sponsored by COMMITTEE ON REVENUE

## 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 **as introduced**.

Increases personal income tax rate for taxpayers with taxable income above certain level. Applies to tax years beginning on or after January 1, 2009.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

Relating to taxation; creating new provisions; amending ORS 316.037; prescribing an effective date; and providing for revenue raising that requires approval by a three-fifths majority.

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

**SECTION 1.** ORS 316.037 is amended to read:

316.037. (1)(a) A tax is imposed for each taxable year on the entire taxable income of every resident of this state. The amount of the tax shall be determined in accordance with the following table:

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If taxable income is:	The tax is:
Not over \$2,000	5% of taxable income
Over \$2,000 but not over \$5,000	\$100 plus 7% of the excess over \$2,000
Over \$5,000 <b>but not over \$125,000</b>	\$310 plus 9% of the excess over \$5,000
<b>Over \$125,000</b>	<b>\$11,110 plus 10% of the excess over \$125,000</b>

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**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 (b) For tax years beginning in each calendar year, the Department of Revenue shall adopt a  
 2 table that shall apply in lieu of the table contained in paragraph (a) of this subsection, as follows:

3 (A) The minimum and maximum dollar amounts for each rate bracket for which a tax is imposed  
 4 shall be increased by the cost-of-living adjustment for the calendar year.

5 (B) The rate applicable to any rate bracket as adjusted under subparagraph (A) of this para-  
 6 graph shall not be changed.

7 (C) The amounts setting forth the tax, to the extent necessary to reflect the adjustments in the  
 8 rate brackets, shall be adjusted.

9 (c) For purposes of paragraph (b) of this subsection, the cost-of-living adjustment for any calen-  
 10 dar year is the percentage (if any) by which the monthly averaged U.S. City Average Consumer  
 11 Price Index for the 12 consecutive months ending August 31 of the prior calendar year exceeds the  
 12 monthly averaged index for the second quarter of the calendar year 1992.

13 (d) As used in this subsection, "U.S. City Average Consumer Price Index" means the U.S. City  
 14 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of  
 15 Labor Statistics of the United States Department of Labor.

16 (e) If any increase determined under paragraph (b) of this subsection is not a multiple of \$50,  
 17 the increase shall be rounded to the next lower multiple of \$50.

18 (2) A tax is imposed for each taxable year upon the entire taxable income of every part-year  
 19 resident of this state. The amount of the tax shall be computed under subsection (1) of this section  
 20 as if the part-year resident were a full-year resident and shall be multiplied by the ratio provided  
 21 under ORS 316.117 to determine the tax on income derived from sources within this state.

22 (3) A tax is imposed for each taxable year on the taxable income of every full-year nonresident  
 23 that is derived from sources within this state. The amount of the tax shall be determined in ac-  
 24 cordance with the table set forth in subsection (1) of this section.

25 **SECTION 2. The amendments to ORS 316.037 by section 1 of this 2009 Act apply to tax**  
 26 **years beginning on or after January 1, 2009.**

27 **SECTION 3. (1) Notwithstanding ORS 316.557 to 316.589, for tax years beginning on or**  
 28 **after January 1, 2009, and before January 1, 2010, interest may not be imposed on an under-**  
 29 **payment of estimated tax if the underpayment is attributable to an increase in tax liability**  
 30 **arising from the amendments to ORS 316.037 by section 1 of this 2009 Act.**

31 **(2) Notwithstanding ORS 314.781 (2), for tax years beginning on or after January 1, 2009,**  
 32 **and before January 1, 2010, a pass-through entity described in ORS 314.781 shall withhold tax**  
 33 **under ORS 314.781 (2) at the rate of nine percent.**

34 **SECTION 4. This 2009 Act takes effect on the 91st day after the date on which the reg-**  
 35 **ular session of the Seventy-fifth Legislative Assembly adjourns sine die.**