

House Bill 3081

Sponsored by Representative BRUUN; Representatives ESQUIVEL, FREEMAN, GARRARD, GILMAN, HANNA, HUFFMAN, KRIEGER, MAURER, OLSON, WEIDNER, WHISNANT, WINGARD

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 amount of personal exemption income tax credit. Applies to tax years beginning on or after January 1, 2010.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to personal exemption credit; creating new provisions; amending ORS 316.085; and pre-
3 scribing an effective date.

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

5 **SECTION 1.** ORS 316.085 is amended to read:

6 316.085. (1)(a) There shall be allowed a personal exemption credit against taxes otherwise due
7 under this chapter. The credit shall equal [~~\$90~~] **\$500** multiplied by the number of personal ex-
8 emptions allowed under section 151 of the Internal Revenue Code.

9 (b) In the case of an individual with respect to whom a credit under paragraph (a) of this sub-
10 section is allowable to another taxpayer for a taxable year beginning in the calendar year in which
11 the individual's taxable year begins, the credit amount applicable to such individual for such indi-
12 vidual's taxable year is zero.

13 (2)(a) A nonresident shall be allowed the credit provided under subsection (1) of this section
14 computed in the same manner and subject to the same limitations as the credit allowed to a resident
15 of this state. However, the credit shall be prorated using the proportion provided in ORS 316.117.

16 (b) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or if the
17 Department of Revenue terminates the taxpayer's taxable year under ORS 314.440, the credit al-
18 lowed by this section shall be prorated or computed in a manner consistent with ORS 314.085.

19 (c) If a change in the status of a taxpayer from resident to nonresident or from nonresident to
20 resident occurs, the credit allowed by this section shall be determined in a manner consistent with
21 ORS 316.117.

22 (3) The Department of Revenue shall recompute the dollar amount of the personal exemption
23 credit allowed for state personal income tax purposes. The computation shall be as follows:

24 (a) Divide the monthly averaged U.S. City Average Consumer Price Index for the 12 consecutive
25 months ending August 31 of the prior calendar year by the monthly averaged index for the first six
26 months of [~~1986~~] **2010**.

27 (b) Recompute the dollar amount of the personal exemption credit by multiplying [~~\$90~~] **\$500** by
28 the appropriate indexing factor determined as provided in paragraph (a) of this subsection. Round
29 off the amount obtained under this paragraph to the nearest \$1.

30 (4) As used in this section, "U.S. City Average Consumer Price Index" means the U.S. City Av-

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 erage Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of
2 Labor Statistics of the United States Department of Labor.

3 (5) Notwithstanding subsections (1) to (3) of this section, if a taxpayer's federal adjusted gross
4 income for the tax year exceeds the threshold amount, the exemption amount shall be the greater
5 of:

6 (a) Thirty-three percent of the amount computed in subsection (3) of this section; or

7 (b) The amount computed in subsection (3) of this section reduced by:

8 (A) Two percentage points for each \$2,500 (or fraction thereof) by which the taxpayer's federal
9 adjusted gross income exceeds the threshold amount; or

10 (B) Two percentage points for each \$1,250 (or fraction thereof) by which the taxpayer's federal
11 adjusted gross income exceeds the threshold amount, if the taxpayer is married but filing separately.

12 (6) As used in this section, "threshold amount" means:

13 (a) \$234,600 in the case of a joint return or a surviving spouse.

14 (b) \$195,500 in the case of a head of a household.

15 (c) \$156,400 in the case of an individual who is not a married individual and is not a surviving
16 spouse.

17 (d) \$117,300 in the case of a married individual filing a separate return.

18 (7) The Department of Revenue shall adjust the threshold amounts in subsection (6) of this sec-
19 tion according to the cost-of-living adjustment for the calendar year. The department shall annually
20 recompute the threshold amounts for the current tax year by multiplying each dollar amount by the
21 percentage (if any) by which the monthly averaged U.S. City Average Consumer Price Index for the
22 12 consecutive months ending August 31 of the prior calendar year exceeds the monthly averaged
23 U.S. City Average Consumer Price Index for the 12 consecutive months ending August 31, 2006.

24 (8) If a threshold amount computed under subsections (6) and (7) of this section is not a multiple
25 of \$50, the amount shall be rounded to the next lower multiple of \$50.

26 **SECTION 2. The amendments to ORS 316.085 by section 1 of this 2009 Act apply to tax**
27 **years beginning on or after January 1, 2010.**

28 **SECTION 3. This 2009 Act takes effect on the 91st day after the date on which the reg-**
29 **ular session of the Seventy-fifth Legislative Assembly adjourns sine die.**

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