

House Bill 3281

Sponsored by Representative BREWER; Representative LINDSAY, Senator STARR

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**.

Decreases tax rates for individuals with taxable income above \$125,000 for tax years beginning on or after January 1, 2011.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to personal income taxation; creating new provisions; amending ORS 316.037; and prescribing an effective date.

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

SECTION 1. ORS 316.037, as amended by section 1, chapter 746, Oregon Laws 2009, 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:

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 [<i>but not over \$125,000</i>]	\$310 plus 9% of the excess over \$5,000
[<i>Over \$125,000 but not over \$250,000</i>]	[<i>\$11,110 plus 10.8% of the excess over \$125,000</i>]

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 *[Over \$250,000]* *[\$24,610 plus 11%*
 2 *of the excess*
 3 *over \$250,000]*

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

8 (A) *[Except as provided in subparagraph (D) of this paragraph,]* The minimum and maximum dollar amounts for each bracket for which a tax is imposed shall be increased by the cost-of-living adjustment for the calendar year.

11 (B) The rate applicable to any rate bracket as adjusted under subparagraph (A) of this paragraph shall not be changed.

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

15 *[(D) The rate brackets applicable to taxable income in excess of \$125,000 may not be adjusted.]*

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

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

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

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

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

32 **SECTION 2.** ORS 316.037, as amended by sections 1 and 2, chapter 746, Oregon Laws 2009, is amended to read:

34 316.037. (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:

39 If taxable income is:	The tax is:
41 Not over \$2,000	5% of
	taxable
	income
45 Over \$2,000 but not	

1	over \$5,000	\$100 plus 7%
2		of the excess
3		over \$2,000
4		
5	Over \$5,000 [<i>but not</i>	
6	<i>over \$125,000</i>]	\$310 plus 9%
7		of the excess
8		over \$5,000
9		
10	[<i>Over \$125,000</i>]	[<i>\$11,110 plus 9.9%</i>
11		<i>of the excess</i>
12		<i>over \$125,000</i>]

14
 15 (b) For tax years beginning in each calendar year, the Department of Revenue shall adopt a
 16 table that shall apply in lieu of the table contained in paragraph (a) of this subsection, as follows:

17 (A) [*Except as provided in subparagraph (D) of this paragraph,*] The minimum and maximum
 18 dollar amounts for each bracket for which a tax is imposed shall be increased by the cost-of-living
 19 adjustment for the calendar year.

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

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

24 [*(D) The rate brackets applicable to taxable income in excess of \$125,000 may not be adjusted.*]

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

29 (d) As used in this subsection, “U.S. City Average Consumer Price Index” means the U.S. City
 30 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of
 31 Labor Statistics of the United States Department of Labor.

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

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

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

41 **SECTION 3. (1) The amendments to ORS 316.037 by section 1 of this 2011 Act apply to tax**
 42 **years beginning on or after January 1, 2011, and before January 1, 2012.**

43 **(2) The amendments to ORS 316.037 by section 2 of this 2011 Act apply to tax years be-**
 44 **ginning on or after January 1, 2012.**

45 **SECTION 4. This 2011 Act takes effect on the 91st day after the date on which the 2011**

1 **regular session of the Seventy-sixth Legislative Assembly adjourns sine die.**

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