

Preliminary
76TH OREGON LEGISLATIVE ASSEMBLY
2012 Regular Session
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE

MEASURE: HB 4157
CARRIER:

REVENUE:

FISCAL:

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: Chris Allanach, Economist
Meeting Dates: 2/8

WHAT THE BILL DOES: Converts the Oregon elderly itemized deduction for medical expenses to a subtraction limited to \$2,700 per taxpayer (\$5,400 for joint returns where both individuals are eligible). First applies to tax year 2012.

ISSUES DISCUSSED:

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EFFECT OF COMMITTEE AMENDMENTS:

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.

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Preliminary

**REVENUE IMPACT OF
PROPOSED LEGISLATION**

**Seventy-Sixth Oregon legislative
Assembly
2012 Regular Session
Legislative Revenue Office**

**Bill Number: HB 4157
Revenue Area: Income Taxes
Economist: Chris Allanach
Date: 2/7/2012**

Measure Description: Converts the Oregon elderly itemized deduction for medical expenses to a subtraction limited to \$2,700 per taxpayer (\$5,400 for joint returns where both individuals are eligible). First applies to tax year 2012.

Revenue Impact (in \$Millions):

| | Biennium | | |
|--------------|----------|-----------|-----------|
| | 2011-13 | 2013-2015 | 2015-2017 |
| General Fund | -\$1.1 | -\$0.2 | \$2.0 |

Impact Explanation:

The estimates for modifying the elderly medical deduction are based on historical tax return data and population projections for eligible taxpayers. One significant unknown is the potential impact of federal health care policy on healthcare expenses.

Creates, Extends, or Expands Tax Expenditure: Yes No