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77th Legislative Assembly HOUSE REVENUE COMMITTEE

900 Court Street NE Rm 143
Salem, Oregon 97301
Phone (503) 986-1266 — Fax (503) 986-1770

HB 2456 Proposed 2013-15 Revenue Package

Personal Income Tax

1. Phase-out Oregon deductions for high income filers.

Description: Phase-out Oregon deductions for single filers with adjusted gross income above \$125,000 and joint filers with adjusted gross income above \$250,000. Phase-out rate is calculated by taking the difference between AGI and the threshold income level, multiplying by .18, and subtracting from claimed deductions.

Effective Date: 2013 tax year.

Estimated 2013-15 Revenue: \$169 million.

2. Eliminate personal exemption credit for high income filers.

Description: Eliminate personal exemption credit for single filers with adjusted gross income above \$125,000 and joint filers with adjusted gross income above \$250,000. The personal exemption credit is currently \$183 per exemption.

Effective Date: 2013 tax year.

Estimated 2013-15 Revenue: \$38 million.

Corporate Income Tax

1. Apply corporate minimum tax of 0.1% to Oregon sales above \$100 million.

Description: Retain current corporate minimum tax structure up until \$100 million in Oregon sales. Apply 0.1% rate to the excess of Oregon sales above \$100 million.

Effective Date: 2013 corporate tax year.

Estimated 2013-15 Revenue: \$50 million.

2. Include corporate income reported in tax haven jurisdictions to the water's edge definition of U.S. income for purposes of apportioning income to Oregon.

Description: Require those corporations that are part of a consolidated filing group that have headquarters located in a tax haven to report income from those locations on their Oregon tax return. Then apply Oregon's sales factor to apportion income back to Oregon. Proposed statute patterned after Montana's tax haven provision established in 2003.

Effective Date: 2014 corporate tax year.

Estimated 2013-15 Revenue: \$18 million.

Total estimated 2013-15 General Fund revenue from HB 2456: \$275 million.

Examples of Policy Change Impacts

Single Filer (\$)				
		Current Law	Proposed Law	Difference
Federal	AGI	\$175,000	\$175,000	
	Deductions	\$35,000	\$35,891	\$891
	Taxable Income	\$136,100	\$135,209	-\$891
	Net Tax	\$31,401	\$31,152	-\$249
Oregon	AGI	\$175,000	\$175,000	
	Deductions	\$22,328	\$13,328	-\$9,000
	Taxable Income	\$146,572	\$155,572	\$9,000
	Net Tax	\$12,978	\$13,869	\$891
Federal and State Net Tax		\$44,379	\$45,021	\$642

Joint Filer (\$)				
		Current Law	Proposed Law	Difference
Federal	AGI	\$750,000	\$750,000	
	Deductions	\$90,000	\$94,432	\$4,432
	Taxable Income	\$649,600	\$645,168	-\$4,432
	Net Tax	\$202,888	\$201,133	-\$1,755
Oregon	AGI	\$750,000	\$750,000	
	Deductions	\$48,928	\$4,160	-\$44,768
	Taxable Income	\$694,972	\$739,740	\$44,768
	Net Tax	\$65,855	\$70,287	\$4,432
Federal and State Net Tax		\$268,743	\$271,420	\$2,677

C-Corporate Minimum Tax

Oregon Sales (\$)	Current Law	Proposed Law	Difference
< \$500,000	\$150	\$150	\$0
\$500,000 to \$1 Million	\$500	\$500	\$0
\$1 Million to \$2 Million	\$1,000	\$1,000	\$0
\$2 Million to \$3 Million	\$1,500	\$1,500	\$0
\$3 Million to \$5 Million	\$2,000	\$2,000	\$0
\$5 Million to \$7 Million	\$4,000	\$4,000	\$0
\$7 Million to \$10 Million	\$7,500	\$7,500	\$0
\$10 Million to \$25 Million	\$15,000	\$15,000	\$0
\$25 Million to \$50 Million	\$30,000	\$30,000	\$0
\$50 Million to \$75 Million	\$50,000	\$50,000	\$0
\$75 Million to \$100 Million	\$75,000	\$75,000	\$0
\$100 Million or more	\$100,000	*	

* \$100,000 + 0.1% of sales above \$100 million

Examples of Change in Minimum Tax (\$)			
Oregon Sales	Current Law	Proposed Law	Difference
\$100 Million	\$100,000	\$100,000	\$0
\$110 Million	\$100,000	\$110,000	\$10,000
\$200 Million	\$100,000	\$200,000	\$100,000