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## 77th Legislative Assembly HOUSE REVENUE COMMITTEE

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### HB 2456-10 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. Charitable contributions are excluded from this calculation.

*Effective Date:* 2013 tax year.

*Estimated 2013-15 Revenue:* \$105 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. Restore 7.9% marginal corporate income tax rate for C-Corp net income above \$2.5 million.**

*Description:* Restore 2009-10 top rate of 7.9% to net income above \$2.5 million. For net corporate income below \$2.5 million, retain 6.6% rate. The current law diversion of collections from a rate in excess of 6.6% to the rainy day fund is delayed from 2013 to 2017 and applied to net income above \$10 million.

*Effective Date:* 2013 corporate tax year.

*Estimated 2013-15 Revenue:* \$64 million.

**2. 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.

**3. 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.**