

# House Bill 2491

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue)

## 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**.

For purposes of personal income taxation, changes connection point from federal adjusted gross income to federal taxable income by eliminating allowance of itemized deductions or standard deduction. Modifies rates of personal income taxation.

Applies to tax years beginning on or after January 1, 2014.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to taxation; creating new provisions; amending ORS 316.037, 316.117, 316.130, 316.362,  
3 316.687 and 316.695; and prescribing an effective date.

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

5 **SECTION 1.** ORS 316.695 is amended to read:

6 316.695. (1) In addition to the modifications to federal taxable income contained in this chapter,  
7 there shall be added to or subtracted from federal taxable income:

8 (a) If, in computing federal income tax for a taxable year, the taxpayer deducted itemized de-  
9 ductions, as defined in section 63(d) of the Internal Revenue Code, the taxpayer shall add the amount  
10 of itemized deductions deducted (the itemized deductions less an amount, if any, by which the item-  
11 ized deductions are reduced under section 68 of the Internal Revenue Code).

12 (b) If, in computing federal income tax for a taxable year, the taxpayer deducted the standard  
13 deduction, as defined in section 63(c) of the Internal Revenue Code, the taxpayer shall add the  
14 amount of the standard deduction deducted.

15 *[(c)(A) From federal taxable income there shall be subtracted the larger of (i) the taxpayer's item-  
16 ized deductions or (ii) a standard deduction. Except as provided in subsection (8) of this section, for  
17 purposes of this subparagraph, "standard deduction" means the sum of the basic standard deduction  
18 and the additional standard deduction.]*

19 *[(B) For purposes of subparagraph (A) of this paragraph, the basic standard deduction is:]*

20 *[(i) \$3,280, in the case of joint return filers or a surviving spouse;]*

21 *[(ii) \$1,640, in the case of an individual who is not a married individual and is not a surviving  
22 spouse;]*

23 *[(iii) \$1,640, in the case of a married individual who files a separate return; or]*

24 *[(iv) \$2,640, in the case of a head of household.]*

25 *[(C)(i) For purposes of subparagraph (A) of this paragraph for tax years beginning on or after  
26 January 1, 2003, the Department of Revenue shall annually recompute the basic standard deduction for  
27 each category of return filer listed under subparagraph (B) of this paragraph. The basic standard de-  
28 duction shall be computed by dividing the monthly averaged U.S. City Average Consumer Price Index  
29 for the 12 consecutive months ending August 31 of the prior calendar year by the average U.S. City*

**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 *Average Consumer Price Index for the second quarter of 2002, then multiplying that quotient by the*  
 2 *amount listed under subparagraph (B) of this paragraph for each category of return filer.]*

3 *[(ii) If any change in the maximum household income determined under this subparagraph is not*  
 4 *a multiple of \$5, the increase shall be rounded to the next lower multiple of \$5.]*

5 *[(iii) As used in this subparagraph, "U.S. City Average Consumer Price Index" means the U.S.*  
 6 *City Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau*  
 7 *of Labor Statistics of the United States Department of Labor.]*

8 *[(D) For purposes of subparagraph (A) of this paragraph, the additional standard deduction is the*  
 9 *sum of each additional amount to which the taxpayer is entitled under subsection (7) of this section.]*

10 *[(E) As used in subparagraph (B) of this paragraph, "surviving spouse" and "head of household"*  
 11 *have the meaning given those terms in section 2 of the Internal Revenue Code.]*

12 *[(F) In the case of the following, the standard deduction referred to in subparagraph (A) of this*  
 13 *paragraph shall be zero:]*

14 *[(i) A husband or wife filing a separate return where the other spouse has claimed itemized de-*  
 15 *ductions under subparagraph (A) of this paragraph;]*

16 *[(ii) A nonresident alien individual;]*

17 *[(iii) An individual making a return for a period of less than 12 months on account of a change*  
 18 *in the individual's annual accounting period;]*

19 *[(iv) An estate or trust;]*

20 *[(v) A common trust fund; or]*

21 *[(vi) A partnership.]*

22 *[(d) For the purposes of paragraph (c)(A) of this subsection, the taxpayer's itemized deductions are*  
 23 *the sum of:]*

24 *[(A) The taxpayer's itemized deductions as defined in section 63(d) of the Internal Revenue Code*  
 25 *(reduced, if applicable, as described under section 68 of the Internal Revenue Code) minus the de-*  
 26 *duction for Oregon income tax (reduced, if applicable, by the proportion that the reduction in federal*  
 27 *itemized deductions resulting from section 68 of the Internal Revenue Code bears to the amount of*  
 28 *federal itemized deductions as defined for purposes of section 68 of the Internal Revenue Code); and]*

29 *[(B) The amount that may be taken into account under section 213(a) of the Internal Revenue Code,*  
 30 *not to exceed seven and one-half percent of the federal adjusted gross income of the taxpayer, if the*  
 31 *taxpayer has attained the following age before the close of the taxable year, or, in the case of a joint*  
 32 *return, if either taxpayer has attained the following age before the close of the taxable year:]*

33 *[(i) For taxable years beginning on or after January 1, 1991, and before January 1, 1993, a tax-*  
 34 *payer must attain 58 years of age before the close of the taxable year.]*

35 *[(ii) For taxable years beginning on or after January 1, 1993, and before January 1, 1995, a tax-*  
 36 *payer must attain 59 years of age before the close of the taxable year.]*

37 *[(iii) For taxable years beginning on or after January 1, 1995, and before January 1, 1997, a tax-*  
 38 *payer must attain 60 years of age before the close of the taxable year.]*

39 *[(iv) For taxable years beginning on or after January 1, 1997, and before January 1, 1999, a tax-*  
 40 *payer must attain 61 years of age before the close of the taxable year.]*

41 *[(v) For taxable years beginning on or after January 1, 1999, a taxpayer must attain 62 years of*  
 42 *age before the close of the taxable year.]*

43 (2)(a) There shall be subtracted from federal taxable income any portion of the distribution of  
 44 a pension, profit-sharing, stock bonus or other retirement plan, representing that portion of contri-  
 45 butions which were taxed by the State of Oregon but not taxed by the federal government under

1 laws in effect for tax years beginning prior to January 1, 1969, or for any subsequent year in which  
2 the amount that was contributed to the plan under the Internal Revenue Code was greater than the  
3 amount allowed under this chapter.

4 (b) Interest or other earnings on any excess contributions of a pension, profit-sharing, stock  
5 bonus or other retirement plan not permitted to be deducted under paragraph (a) of this subsection  
6 shall not be added to federal taxable income in the year earned by the plan and shall not be sub-  
7 tracted from federal taxable income in the year received by the taxpayer.

8 (3)(a) Except as provided in subsection (4) of this section, there shall be added to federal taxable  
9 income the amount of any federal income taxes in excess of the amount provided in paragraphs (b)  
10 to (d) of this subsection, accrued by the taxpayer during the taxable year as described in ORS  
11 316.685, less the amount of any refund of federal taxes previously accrued for which a tax benefit  
12 was received.

13 (b) The limits applicable to this subsection are:

14 (A) \$5,500, if the federal adjusted gross income of the taxpayer for the tax year is less than  
15 \$125,000, or, if reported on a joint return, less than \$250,000.

16 (B) \$4,400, if the federal adjusted gross income of the taxpayer for the tax year is \$125,000 or  
17 more and less than \$130,000, or, if reported on a joint return, \$250,000 or more and less than  
18 \$260,000.

19 (C) \$3,300, if the federal adjusted gross income of the taxpayer for the tax year is \$130,000 or  
20 more and less than \$135,000, or, if reported on a joint return, \$260,000 or more and less than  
21 \$270,000.

22 (D) \$2,200, if the federal adjusted gross income of the taxpayer for the tax year is \$135,000 or  
23 more and less than \$140,000, or, if reported on a joint return, \$270,000 or more and less than  
24 \$280,000.

25 (E) \$1,100, if the federal adjusted gross income of the taxpayer for the tax year is \$140,000 or  
26 more and less than \$145,000, or, if reported on a joint return, \$280,000 or more and less than  
27 \$290,000.

28 (c) If the federal adjusted gross income of the taxpayer is \$145,000 or more for the tax year, or,  
29 if reported on a joint return, \$290,000 or more, the limit is zero and the taxpayer is not allowed a  
30 subtraction for federal income taxes under ORS 316.680 (1) for the tax year.

31 (d) In the case of a husband and wife filing separate tax returns, the amount added shall be in  
32 the amount of any federal income taxes in excess of the amount provided for individual taxpayers  
33 under paragraphs (a) to (c) of this subsection, less the amount of any refund of federal taxes previ-  
34 ously accrued for which a tax benefit was received.

35 (e) For purposes of this subsection, the limits applicable to a joint return shall apply to a head  
36 of household or a surviving spouse, as defined in section 2(a) and (b) of the Internal Revenue Code.

37 (f)(A) For a calendar year beginning on or after January 1, 2008, the Department of Revenue  
38 shall make a cost-of-living adjustment to the federal income tax threshold amounts described in  
39 paragraphs (b) and (d) of this subsection.

40 (B) The cost-of-living adjustment for a calendar year is the percentage by which the monthly  
41 averaged U.S. City Average Consumer Price Index for the 12 consecutive months ending August 31  
42 of the prior calendar year exceeds the monthly averaged index for the period beginning September  
43 1, 2005, and ending August 31, 2006.

44 (C) As used in this paragraph, "U.S. City Average Consumer Price Index" means the U.S. City  
45 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of

1 Labor Statistics of the United States Department of Labor.

2 (D) If any adjustment determined under subparagraph (B) of this paragraph is not a multiple of  
3 \$50, the adjustment shall be rounded to the next lower multiple of \$50.

4 (E) The adjustment shall apply to all tax years beginning in the calendar year for which the  
5 adjustment is made.

6 (4)(a) In addition to the adjustments required by ORS 316.130, a full-year nonresident individual  
7 shall add to taxable income a proportion of any accrued federal income taxes as computed under  
8 ORS 316.685 in excess of the amount provided in subsection (3) of this section in the proportion  
9 provided in ORS 316.117.

10 (b) In the case of a husband and wife filing separate tax returns, the amount added under this  
11 subsection shall be computed in a manner consistent with the computation of the amount to be  
12 added in the case of a husband and wife filing separate returns under subsection (3) of this section.  
13 The method of computation shall be determined by the Department of Revenue by rule.

14 (5) Subsections (3)(d) and (4)(b) of this section shall not apply to married individuals living apart  
15 as defined in section 7703(b) of the Internal Revenue Code.

16 (6)(a) For tax years beginning on or after January 1, 1981, and prior to January 1, 1983, income  
17 or loss taken into account in determining federal taxable income by a shareholder of an S corpo-  
18 ration pursuant to sections 1373 to 1375 of the Internal Revenue Code shall be adjusted for purposes  
19 of determining Oregon taxable income, to the extent that as income or loss of the S corporation,  
20 they were required to be adjusted under the provisions of ORS chapter 317.

21 (b) For tax years beginning on or after January 1, 1983, items of income, loss or deduction taken  
22 into account in determining federal taxable income by a shareholder of an S corporation pursuant  
23 to sections 1366 to 1368 of the Internal Revenue Code shall be adjusted for purposes of determining  
24 Oregon taxable income, to the extent that as items of income, loss or deduction of the shareholder  
25 the items are required to be adjusted under the provisions of this chapter.

26 (c) The tax years referred to in paragraphs (a) and (b) of this subsection are those of the S  
27 corporation.

28 (d) As used in paragraph (a) of this subsection, an S corporation refers to an electing small  
29 business corporation.

30 *[(7)(a) The taxpayer shall be entitled to an additional amount, as referred to in subsection (1)(c)(A)*  
31 *and (D) of this section, of \$1,000:]*

32 *[(A) For the taxpayer if the taxpayer has attained age 65 before the close of the taxpayer's taxable*  
33 *year; and]*

34 *[(B) For the spouse of the taxpayer if the spouse has attained age 65 before the close of the taxable*  
35 *year and an additional exemption is allowable to the taxpayer for such spouse for federal income tax*  
36 *purposes under section 151(b) of the Internal Revenue Code.]*

37 *[(b) The taxpayer shall be entitled to an additional amount, as referred to in subsection (1)(c)(A)*  
38 *and (D) of this section, of \$1,000:]*

39 *[(A) For the taxpayer if the taxpayer is blind at the close of the taxable year; and]*

40 *[(B) For the spouse of the taxpayer if the spouse is blind as of the close of the taxable year and*  
41 *an additional exemption is allowable to the taxpayer for such spouse for federal income tax purposes*  
42 *under section 151(b) of the Internal Revenue Code. For purposes of this subparagraph, if the spouse*  
43 *dies during the taxable year, the determination of whether such spouse is blind shall be made imme-*  
44 *diately prior to death.]*

45 *[(c) In the case of an individual who is not married and is not a surviving spouse, paragraphs (a)*

1 and (b) of this subsection shall be applied by substituting “\$1,200” for “\$1,000.”]

2 [(d) For purposes of this subsection, an individual is blind only if the individual’s central visual  
3 acuity does not exceed 20/200 in the better eye with correcting lenses, or if the individual’s visual acuity  
4 is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest  
5 diameter of the visual field subtends an angle no greater than 20 degrees.]

6 [(8) In the case of an individual with respect to whom a deduction under section 151 of the Internal  
7 Revenue Code is allowable for federal income tax purposes to another taxpayer for a taxable year be-  
8 ginning in the calendar year in which the individual’s taxable year begins, the basic standard de-  
9 duction (referred to in subsection (1)(c)(B) of this section) applicable to such individual for such  
10 individual’s taxable year shall equal the lesser of:]

11 [(a) The amount allowed to the individual under section 63(c)(5) of the Internal Revenue Code for  
12 federal income tax purposes for the tax year for which the deduction is being claimed; or]

13 [(b) The amount determined under subsection (1)(c)(B) of this section.]

14 **SECTION 2.** ORS 316.037 is amended to read:

15 316.037. (1)(a) A tax is imposed for each taxable year on the entire taxable income of every  
16 resident of this state. The amount of the tax shall be determined in accordance with the following  
17 table:

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If taxable income is:	The tax is:
[Not over \$2,000	5% of]
<b>Not over \$2,000</b>	<b>_____ % of</b>
	taxable
	income
Over \$2,000 but not	
[over \$5,000	\$100 plus 7%]
<b>over \$5,000</b>	<b>\$_____ plus _____ %</b>
	of the excess
	over \$2,000
Over \$5,000 but not	
[over \$125,000	\$310 plus 9%]
<b>over \$125,000</b>	<b>\$_____ plus _____ %</b>
	of the excess
	over \$5,000
[Over \$125,000	\$11,110 plus 9.9%]
<b>Over \$125,000</b>	<b>\$_____ plus _____ %</b>
	of the excess
	over \$125,000

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45 (b) For tax years beginning in each calendar year, the Department of Revenue shall adopt a

1 table that shall apply in lieu of the table contained in paragraph (a) of this subsection, as follows:

2 (A) Except as provided in subparagraph (D) of this paragraph, the minimum and maximum dollar  
3 amounts for each bracket for which a tax is imposed shall be increased by the cost-of-living adjust-  
4 ment for the calendar year.

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

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

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

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

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

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

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

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

26 **SECTION 3.** ORS 316.130 is amended to read:

27 316.130. (1) The taxable income for a full-year nonresident individual is adjusted gross income  
28 attributable to sources within this state determined under ORS 316.127, with the modifications (ex-  
29 cept those provided under subsection (2) of this section) as otherwise provided under this chapter  
30 and other laws of this state applicable to personal income taxation, less the deductions allowed un-  
31 der subsection (2) of this section.

32 (2)(a) *[A full-year nonresident individual shall be allowed the deduction for a standard deduction*  
33 *or itemized deductions allowable to a resident under ORS 316.695 (1) in the proportion provided in*  
34 *ORS 316.117.]*

35 *[(b)]* A full-year nonresident individual shall be allowed to deduct the amount of any accrued  
36 federal income taxes and foreign country income taxes as provided in ORS 316.690 in the proportion  
37 provided in ORS 316.117.

38 *[(c)(A)]* **(b)(A)** A full-year nonresident individual shall be allowed to deduct the amount of any  
39 alimony or separate maintenance payments paid during such individual's taxable year in the pro-  
40 portion provided in ORS 316.117 except that in determining the proportion the taxpayer's adjusted  
41 gross income shall not include a deduction for alimony. For purposes of this paragraph, "alimony  
42 or separate maintenance payment" has the meaning given the phrase in section 215 of the Internal  
43 Revenue Code.

44 (B) No deduction shall be allowed under this paragraph if the alimony or separate maintenance  
45 payment is not includable in the gross income of the nonresident individual for federal income tax

1 purposes under section 682 of the Internal Revenue Code.

2 (3)(a) A full-year nonresident who is a self-employed individual shall be allowed to deduct that  
3 individual's contributions to a qualified plan, deductible on that individual's federal income tax re-  
4 turn pursuant to section 401 of the Internal Revenue Code, in the proportion that the individual's  
5 earned income from Oregon sources bears to the individual's earned income from all sources.  
6 "Earned income" has the meaning given in section 401(c)(2) of the Internal Revenue Code. If the  
7 numerator of the fraction described in this paragraph is greater than the denominator, the proration  
8 of 100 percent shall be used.

9 (b) A full-year nonresident shall be allowed to deduct that individual's qualified retirement con-  
10 tributions, deductible on that individual's federal income tax return pursuant to section 219 of the  
11 Internal Revenue Code, in the proportion that the individual's compensation from Oregon sources  
12 bears to the individual's compensation from all sources. "Compensation" has the meaning given in  
13 section 219(f)(1) of the Internal Revenue Code.

14 (c) A full-year nonresident individual shall be allowed to deduct the aggregate amounts paid in  
15 cash to a medical savings account, deductible on the individual's federal income tax return pursuant  
16 to section 220 of the Internal Revenue Code, in the proportion that the individual's compensation  
17 from Oregon sources bears to the individual's compensation from all sources. Distributions from a  
18 medical savings account, if excluded from income for federal income tax purposes, shall be excluded  
19 for Oregon income tax purposes. Distributions from a medical savings account, if included in income  
20 for federal tax purposes, shall be included in income for Oregon tax purposes to the extent that an  
21 exclusion has been allowed for contributions to the medical savings account for Oregon tax purposes  
22 in a previous year.

23 **SECTION 4.** ORS 316.362 is amended to read:

24 316.362. (1) An income tax return with respect to the tax imposed by this chapter shall be made  
25 by the following:

26 (a) Every resident individual:

27 (A) Who is required to file a federal income tax return for the taxable year; or

28 (B) Who has gross income greater than the sum of:

29 (i) [*The basic standard deduction allowed under ORS 316.695 (1)(c)(B);*]

30 [(ii) *Any additional standard deduction allowed to the taxpayer under ORS 316.695 (7)*] **33 percent**  
31 **of the entire standard deduction allowed under section 63 of the Internal Revenue Code;** and

32 [(iii)] (ii) An amount equal to the income equivalent of one personal exemption credit under ORS  
33 316.085 (3)(b) if unmarried, or equal to the income equivalent of two personal exemption credits un-  
34 der ORS 316.085 (3)(b) if married.

35 (b) Every nonresident individual who has federal gross income from sources in this state of more  
36 than [*the basic standard deduction allowed under ORS 316.695 (1)(c)(B)*] **33 percent of the basic**  
37 **standard deduction allowed under section 63 of the Internal Revenue Code.**

38 (c) Every resident estate or trust that is required to file a federal income tax return.

39 (d) Every nonresident estate that has federal gross income of \$600 or more for the taxable year  
40 from sources within this state.

41 (e) Every nonresident trust that for the taxable year has from sources within this state any  
42 taxable income, or gross income of \$600 or more regardless of the amount of taxable income.

43 (2) Nothing contained in this section shall preclude the Department of Revenue from requiring  
44 any individual, estate or trust to file a return when, in the judgment of the department, a return  
45 should be filed.

1 (3) For purposes of this section, the income equivalent of a personal exemption credit under ORS  
 2 316.085 (3)(b) shall be determined as follows:

3 (a) Divide the personal exemption credit amount by the rate applicable to the lowest income  
 4 bracket under ORS 316.037.

5 (b) If the resulting quotient is less than the maximum amount of income subject to the rate used  
 6 in paragraph (a) of this subsection, the quotient is the income equivalent.

7 (c) If the resulting quotient is more than the maximum amount of income subject to the rate  
 8 used in paragraph (a) of this subsection:

9 (A) Multiply the maximum amount of income subject to the rate used in paragraph (a) of this  
 10 subsection by the rate used in paragraph (a) of this subsection.

11 (B) Determine the difference between the product calculated under subparagraph (A) of this  
 12 paragraph and the personal exemption credit amount.

13 (C) Divide the difference determined in subparagraph (B) of this paragraph by the rate applica-  
 14 ble to the income bracket that is the next succeeding the lowest income bracket under ORS 316.037.

15 (D) Add the quotient determined in subparagraph (C) of this paragraph to the maximum amount  
 16 of income subject to the rate used in paragraph (a) of this subsection. The sum is the income  
 17 equivalent.

18 **SECTION 5.** ORS 316.687 is amended to read:

19 316.687. There shall be added to federal taxable income of a parent who makes an election under  
 20 section 1(g)(7)(B) of the Internal Revenue Code any amount in excess of the standard deduction al-  
 21 lowed for a child under [ORS 316.695 (8)] **section 63(c)(5) of the Internal Revenue Code** but not  
 22 in excess of the amount described in section 1(g)(7)(B)(i) of the Internal Revenue Code (twice the  
 23 amount in effect for the taxable year under section 63(c)(5)(A) of the Internal Revenue Code). The  
 24 addition under this section shall be made for each child whose income is included in the taxable  
 25 income of the parent under section 1(g)(7)(B) of the Internal Revenue Code.

26 **SECTION 6.** ORS 316.117 is amended to read:

27 316.117. (1) Except as provided under subsection (2) of this section, the proportion for making  
 28 a proration for nonresident taxpayers of [*the standard deduction or itemized deductions,*] the personal  
 29 exemption credits and any accrued federal or foreign income taxes, or for part-year resident tax-  
 30 payers of the amount of the tax, between Oregon source income and income from all other sources  
 31 is the federal adjusted gross income of the taxpayer from Oregon sources divided by the taxpayer's  
 32 federal adjusted gross income from all sources. If the numerator of the fraction described in this  
 33 subsection is greater than the denominator, the proportion of 100 percent shall be used in the pro-  
 34 ration required by this section. As used in this subsection, "federal adjusted gross income" means  
 35 the federal adjusted gross income of the taxpayer with the additions, subtractions and other mod-  
 36 ifications to federal taxable income that relate to adjusted gross income for personal income tax  
 37 purposes.

38 (2) For part-year resident trusts, the proration made under this section shall be made by refer-  
 39 ence to the taxable income of the fiduciary.

40 **SECTION 7. The amendments to ORS 316.037, 316.117, 316.130, 316.362, 316.687 and 316.695**  
 41 **by sections 1 to 6 of this 2013 Act apply to tax years beginning on or after January 1, 2014.**

42 **SECTION 8. This 2013 Act takes effect on the 91st day after the date on which the 2013**  
 43 **regular session of the Seventy-seventh Legislative Assembly adjourns sine die.**