

# House Bill 3210

Sponsored by Representative CONGER

## 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**.

Establishes personal income tax credit of \$250 per dependent child. Reduces personal income tax rates for certain taxpayers by modifying income tax brackets.

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

## A BILL FOR AN ACT

1  
2 Relating to personal income taxation; creating new provisions; and amending ORS 316.037 and  
3 316.085.

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

5 **SECTION 1. Section 2 of this 2013 Act is added to and made a part of ORS chapter 316.**

6 **SECTION 2. A taxpayer shall be allowed a credit, in the amount of \$250 per dependent,**  
7 **against the taxes otherwise due under this chapter for each dependent of the taxpayer who:**

8 **(1) Is a qualifying child, as defined in section 152 of the Internal Revenue Code; and**

9 **(2) Is claimed by the taxpayer on the taxpayer's federal tax return.**

10 **SECTION 3. ORS 316.085 is amended to read:**

11 316.085. (1)(a) There shall be allowed a personal exemption credit against taxes otherwise due  
12 under this chapter. The credit shall equal [*\$90 multiplied by*] the number of personal exemptions  
13 allowed under section 151 of the Internal Revenue Code **less the number of dependents for whom**  
14 **a credit is allowed under section 2 of this 2013 Act, multiplied by \$90.**

15 (b) In the case of an individual with respect to whom a credit under paragraph (a) of this sub-  
16 section is allowable to another taxpayer for a taxable year beginning in the calendar year in which  
17 the individual's taxable year begins, the credit amount applicable to such individual for such  
18 individual's taxable year is zero.

19 (2)(a) A nonresident shall be allowed the credit provided under subsection (1) of this section  
20 computed in the same manner and subject to the same limitations as the credit allowed to a resident  
21 of this state. However, the credit shall be prorated using the proportion provided in ORS 316.117.

22 (b) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or if the  
23 Department of Revenue terminates the taxpayer's taxable year under ORS 314.440, the credit al-  
24 lowed by this section shall be prorated or computed in a manner consistent with ORS 314.085.

25 (c) If a change in the status of a taxpayer from resident to nonresident or from nonresident to  
26 resident occurs, the credit allowed by this section shall be determined in a manner consistent with  
27 ORS 316.117.

28 (3) The Department of Revenue shall recompute the dollar amount of the personal exemption  
29 credit allowed for state personal income tax purposes. The computation shall be as follows:

30 (a) Divide the monthly averaged U.S. City Average Consumer Price Index for the 12 consecutive  
31 months ending August 31 of the prior calendar year by the monthly averaged index for the first six

**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 months of 1986.

2 (b) Recompute the dollar amount of the personal exemption credit by multiplying \$90 by the  
 3 appropriate indexing factor determined as provided in paragraph (a) of this subsection. Round off the  
 4 amount obtained under this paragraph to the nearest \$1.

5 (4) As used in this section, "U.S. City Average Consumer Price Index" means the U.S. City Av-  
 6 erage Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of  
 7 Labor Statistics of the United States Department of Labor.

8 (5) Notwithstanding subsections (1) to (3) of this section, if a taxpayer's federal adjusted gross  
 9 income for the tax year exceeds the threshold amount, the exemption amount shall be the greater  
 10 of:

11 (a) Thirty-three percent of the amount computed in subsection (3) of this section; or

12 (b) The amount computed in subsection (3) of this section reduced by:

13 (A) Two percentage points for each \$2,500 (or fraction thereof) by which the taxpayer's federal  
 14 adjusted gross income exceeds the threshold amount; or

15 (B) Two percentage points for each \$1,250 (or fraction thereof) by which the taxpayer's federal  
 16 adjusted gross income exceeds the threshold amount, if the taxpayer is married but filing separately.

17 (6) As used in this section, "threshold amount" means:

18 (a) \$234,600 in the case of a joint return or a surviving spouse.

19 (b) \$195,500 in the case of a head of a household.

20 (c) \$156,400 in the case of an individual who is not a married individual and is not a surviving  
 21 spouse.

22 (d) \$117,300 in the case of a married individual filing a separate return.

23 (7) The Department of Revenue shall adjust the threshold amounts in subsection (6) of this sec-  
 24 tion according to the cost-of-living adjustment for the calendar year. The department shall annually  
 25 recompute the threshold amounts for the current tax year by multiplying each dollar amount by the  
 26 percentage (if any) by which the monthly averaged U.S. City Average Consumer Price Index for the  
 27 12 consecutive months ending August 31 of the prior calendar year exceeds the monthly averaged  
 28 U.S. City Average Consumer Price Index for the 12 consecutive months ending August 31, 2006.

29 (8) If a threshold amount computed under subsections (6) and (7) of this section is not a multiple  
 30 of \$50, the amount shall be rounded to the next lower multiple of \$50.

31 **SECTION 4.** ORS 316.037 is amended to read:

32 316.037. (1)(a) A tax is imposed for each taxable year on the entire taxable income of every  
 33 resident of this state. The amount of the tax shall be determined in accordance with the following  
 34 table:

35 [ \_\_\_\_\_ ]

37	<i>If taxable income is:</i>	<i>The tax is:</i>
38		
39	<i>Not over \$2,000</i>	<i>5% of</i>
40		<i>taxable</i>
41		<i>income</i>
42		
43	<i>Over \$2,000 but not</i>	
44	<i>over \$5,000</i>	<i>\$100 plus 7%</i>
45		<i>of the excess</i>

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

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15	<b>If taxable income is:</b>	<b>The tax is:</b>
16		
17	<b>Not over \$6,100</b>	<b>5% of</b>
18		<b>taxable</b>
19		<b>income</b>
20		
21	<b>Over \$6,100 but not</b>	
22	<b>over \$15,200</b>	<b>\$305 plus 7%</b>
23		<b>of the excess</b>
24		<b>over \$6,100</b>
25		
26	<b>Over \$15,200 but not</b>	
27	<b>over \$125,000</b>	<b>\$942 plus 9%</b>
28		<b>of the excess</b>
29		<b>over \$15,200</b>
30		
31	<b>Over \$125,000</b>	<b>\$10,824 plus 9.9%</b>
32		<b>of the excess</b>
33		<b>over \$125,000</b>

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

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

41 (B) The rate applicable to any rate bracket as adjusted under subparagraph (A) of this para-  
 42 graph [shall] **may** not be changed.

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

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

1 adjusted.

2 (c) For purposes of paragraph (b) of this subsection, the cost-of-living adjustment for any calen-  
3 dar year is the percentage (if any) by which the monthly averaged U.S. City Average Consumer  
4 Price Index for the 12 consecutive months ending August 31 of the prior calendar year exceeds the  
5 monthly averaged index for the second quarter of the calendar year [1992] **2014**.

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

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

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

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

18 **SECTION 5. Section 2 of this 2013 Act and the amendments to ORS 316.037 and 316.085**  
19 **by sections 3 and 4 of this 2013 Act apply to tax years beginning on or after January 1, 2014.**

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