

**PROPOSED AMENDMENTS TO
SENATE BILL 63**

1 On page 1 of the printed bill, line 2, after “amending” delete the rest of
2 the line and delete lines 3 through 5 and insert “ORS 316.037, 316.117,
3 316.130, 316.362, 316.687 and 316.695; and prescribing an effective date.”.

4 Delete lines 7 through 30 and delete pages 2 through 20 and insert:

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

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

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

14 “(b) If, in computing federal income tax for a tax year, the taxpayer de-
15 ducted the standard deduction, as defined in section 63(c) of the Internal
16 Revenue Code, the taxpayer shall add the amount of the standard deduction
17 deducted.

18 “[*(c)(A) From federal taxable income there shall be subtracted the larger*
19 *of (i) the taxpayer’s itemized deductions or (ii) a standard deduction. Except*
20 *as provided in subsection (8) of this section, for purposes of this subparagraph,*
21 *‘standard deduction’ means the sum of the basic standard deduction and the*
22 *additional standard deduction.*.]

1 “(B) For purposes of subparagraph (A) of this paragraph, the basic
2 standard deduction is:]

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

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

6 “[(iii) \$1,640, in the case of a married individual who files a separate re-
7 turn; or]

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

9 “[(C)(i) For purposes of subparagraph (A) of this paragraph for tax years
10 beginning on or after January 1, 2003, the Department of Revenue shall an-
11 nually recompute the basic standard deduction for each category of return filer
12 listed under subparagraph (B) of this paragraph. The basic standard de-
13 duction shall be computed by dividing the monthly averaged U.S. City Average
14 Consumer Price Index for the 12 consecutive months ending August 31 of the
15 prior calendar year by the average U.S. City Average Consumer Price Index
16 for the second quarter of 2002, then multiplying that quotient by the amount
17 listed under subparagraph (B) of this paragraph for each category of return
18 filer.]

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

22 “[(iii) As used in this subparagraph, ‘U.S. City Average Consumer Price
23 Index’ means the U.S. City Average Consumer Price Index for All Urban
24 Consumers (All Items) as published by the Bureau of Labor Statistics of the
25 United States Department of Labor.]

26 “[(D) For purposes of subparagraph (A) of this paragraph, the additional
27 standard deduction is the sum of each additional amount to which the tax-
28 payer is entitled under subsection (7) of this section.]

29 “[(E) As used in subparagraph (B) of this paragraph, ‘surviving spouse’
30 and ‘head of household’ have the meaning given those terms in section 2 of the

1 *Internal Revenue Code.*]

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

4 “[*i*] *A husband or wife filing a separate return where the other spouse has*
5 *claimed itemized deductions under subparagraph (A) of this paragraph;*]

6 “[*ii*] *A nonresident alien individual;*]

7 “[*iii*] *An individual making a return for a period of less than 12 months*
8 *on account of a change in the individual’s annual accounting period;*]

9 “[*iv*] *An estate or trust;*]

10 “[*v*] *A common trust fund; or*]

11 “[*vi*] *A partnership.*]

12 “[*d*] *For the purposes of paragraph (c)(A) of this subsection, the taxpayer’s*
13 *itemized deductions are the amount of the taxpayer’s itemized deductions as*
14 *defined in section 63(d) of the Internal Revenue Code (reduced, if applicable,*
15 *as described under section 68 of the Internal Revenue Code) minus the de-*
16 *duction for Oregon income tax (reduced, if applicable, by the proportion that*
17 *the reduction in federal itemized deductions resulting from section 68 of the*
18 *Internal Revenue Code bears to the amount of federal itemized deductions as*
19 *defined for purposes of section 68 of the Internal Revenue Code).*]

20 “(2)(a) There shall be subtracted from federal taxable income any portion
21 of the distribution of a pension, profit-sharing, stock bonus or other retire-
22 ment plan, representing that portion of contributions which were taxed by
23 the State of Oregon but not taxed by the federal government under laws in
24 effect for tax years beginning prior to January 1, 1969, or for any subsequent
25 year in which the amount that was contributed to the plan under the Inter-
26 nal Revenue Code was greater than the amount allowed under this chapter.

27 “(b) Interest or other earnings on any excess contributions of a pension,
28 profit-sharing, stock bonus or other retirement plan not permitted to be de-
29 ducted under paragraph (a) of this subsection may not be added to federal
30 taxable income in the year earned by the plan and may not be subtracted

1 from federal taxable income in the year received by the taxpayer.

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

8 “(b) The limits applicable to this subsection are:

9 “(A) \$5,500, if the federal adjusted gross income of the taxpayer for the
10 tax year is less than \$125,000, or, if reported on a joint return, less than
11 \$250,000.

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

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

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

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

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

28 “(d) In the case of a husband and wife filing separate tax returns, the
29 amount added shall be in the amount of any federal income taxes in excess
30 of 50 percent of the amount provided for individual taxpayers under para-

1 graphs (a) to (c) of this subsection, less the amount of any refund of federal
2 taxes previously accrued for which a tax benefit was received.

3 “(e) For purposes of this subsection, the limits applicable to a joint return
4 shall apply to a head of household or a surviving spouse, as defined in sec-
5 tion 2(a) and (b) of the Internal Revenue Code.

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

10 “(B) The cost-of-living adjustment for a calendar year is the percentage
11 by which the monthly averaged U.S. City Average Consumer Price Index for
12 the 12 consecutive months ending August 31 of the prior calendar year ex-
13 ceeds the monthly averaged index for the period beginning September 1, 2005,
14 and ending August 31, 2006.

15 “(C) As used in this paragraph, ‘U.S. City Average Consumer Price
16 Index’ means the U.S. City Average Consumer Price Index for All Urban
17 Consumers (All Items) as published by the Bureau of Labor Statistics of the
18 United States Department of Labor.

19 “(D) If any adjustment determined under subparagraph (B) of this para-
20 graph is not a multiple of \$50, the adjustment shall be rounded to the next
21 lower multiple of \$50.

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

24 “(4)(a) In addition to the adjustments required by ORS 316.130, a full-year
25 nonresident individual shall add to taxable income a proportion of any ac-
26 crued federal income taxes as computed under ORS 316.685 in excess of the
27 amount provided in subsection (3) of this section in the proportion provided
28 in ORS 316.117.

29 “(b) In the case of a husband and wife filing separate tax returns, the
30 amount added under this subsection shall be computed in a manner consist-

1 ent with the computation of the amount to be added in the case of a husband
2 and wife filing separate returns under subsection (3) of this section. The
3 method of computation shall be determined by the Department of Revenue
4 by rule.

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

8 “(6)(a) For tax years beginning on or after January 1, 1981, and prior to
9 January 1, 1983, income or loss taken into account in determining federal
10 taxable income by a shareholder of an S corporation pursuant to sections
11 1373 to 1375 of the Internal Revenue Code shall be adjusted for purposes of
12 determining Oregon taxable income, to the extent that as income or loss of
13 the S corporation, they were required to be adjusted under the provisions
14 of ORS chapter 317.

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

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

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

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

28 “[A) *For the taxpayer if the taxpayer has attained age 65 before the close*
29 *of the taxpayer’s tax year; and]*

30 “[B) *For the spouse of the taxpayer if the spouse has attained age 65 before*

1 *the close of the tax year and an additional exemption is allowable to the tax-*
2 *payer for such spouse for federal income tax purposes under section 151(b) of*
3 *the Internal Revenue Code.]*

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

6 *“(A) For the taxpayer if the taxpayer is blind at the close of the tax year;*
7 *and]*

8 *“(B) For the spouse of the taxpayer if the spouse is blind as of the close*
9 *of the tax year and an additional exemption is allowable to the taxpayer for*
10 *such spouse for federal income tax purposes under section 151(b) of the Inter-*
11 *nal Revenue Code. For purposes of this subparagraph, if the spouse dies dur-*
12 *ing the tax year, the determination of whether such spouse is blind shall be*
13 *made immediately prior to death.]*

14 *“(c) In the case of an individual who is not married and is not a surviving*
15 *spouse, paragraphs (a) and (b) of this subsection shall be applied by substi-*
16 *tuting ‘\$1,200’ for ‘\$1,000.’]*

17 *“(d) For purposes of this subsection, an individual is blind only if the*
18 *individual’s central visual acuity does not exceed 20/200 in the better eye with*
19 *correcting lenses, or if the individual’s visual acuity is greater than 20/200 but*
20 *is accompanied by a limitation in the fields of vision such that the widest di-*
21 *ameter of the visual field subtends an angle no greater than 20 degrees.]*

22 *“(8) In the case of an individual with respect to whom a deduction under*
23 *section 151 of the Internal Revenue Code is allowable for federal income tax*
24 *purposes to another taxpayer for a tax year beginning in the calendar year in*
25 *which the individual’s tax year begins, the basic standard deduction (referred*
26 *to in subsection (1)(c)(B) of this section) applicable to such individual for such*
27 *individual’s tax year shall equal the lesser of:]*

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

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

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

3 “316.037. (1)(a) A tax is imposed for each taxable year on the entire tax-
4 able income of every resident of this state **with income that exceeds the**
5 **federal poverty level.** The amount of the tax shall be determined in ac-
6 cordance with the following table:

7 “[_____]

8 *If taxable income is: The tax is:*

9

10 *Not over \$2,000 5% of*
11 *taxable*
12 *income*

13

14 *Over \$2,000 but not*
15 *over \$5,000 \$100 plus 7%*
16 *of the excess*
17 *over \$2,000*

18

19 *Over \$5,000 but not*
20 *over \$125,000 \$310 plus 9%*
21 *of the excess*
22 *over \$5,000*

23

24 *Over \$125,000 \$11,110 plus 9.9%*
25 *of the excess*
26 *over \$125,000*

27 “[_____]

28 “ _____

29 **If taxable income is: The tax is:**

30

1 **Over \$11,700 but not**
2 **over \$26,700** **3% of**
3 **the excess**
4 **over \$11,700**

5
6 **Over \$26,700 but not**
7 **over \$41,700** **\$450 plus 4%**
8 **of the excess**
9 **over \$26,700**

10
11 **Over \$41,700 but not**
12 **over \$56,700** **\$1,050 plus 5%**
13 **of the excess**
14 **over \$41,700**

15
16 **Over \$56,700** **\$1,800 plus 6%**
17 **of the excess**
18 **over \$56,700**

19 “ _____

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

23 “(A) [*Except as provided in subparagraph (D) of this paragraph,*] The
24 minimum and maximum dollar amounts for each bracket for which a tax is
25 imposed shall be increased by the cost-of-living adjustment for the calendar
26 year.

27 “(B) The rate applicable to any rate bracket as adjusted under subpara-
28 graph (A) of this paragraph shall not be changed.

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

1 “(D) *The rate brackets applicable to taxable income in excess of \$125,000*
2 *may not be adjusted.*”]

3 “(c) For purposes of paragraph (b) of this subsection, the cost-of-living
4 adjustment for any calendar year is the percentage (if any) by which the
5 monthly averaged U.S. City Average Consumer Price Index for the 12 con-
6 secutive months ending August 31 of the prior calendar year exceeds the
7 monthly averaged index for the second quarter of the calendar year [1992]
8 **2014.**

9 “(d) As used in this subsection, ‘U.S. City Average Consumer Price
10 Index’ means the U.S. City Average Consumer Price Index for All Urban
11 Consumers (All Items) as published by the Bureau of Labor Statistics of the
12 United States Department of Labor.

13 “(e) If any increase determined under paragraph (b) of this subsection is
14 not a multiple of \$50, the increase shall be rounded to the next lower mul-
15 tiple of \$50.

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

22 “(3) A tax is imposed for each taxable year on the taxable income of every
23 full-year nonresident that is derived from sources within this state. The
24 amount of the tax shall be determined in accordance with the table set forth
25 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
28 adjusted gross income attributable to sources within this state determined
29 under ORS 316.127, with the modifications (except those provided under
30 subsection (2) of this section) as otherwise provided under this chapter and

1 other laws of this state applicable to personal income taxation, less the de-
2 ductions allowed under subsection (2) of this section.

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

6 “[~~(b)~~] **(2)(a)** A full-year nonresident individual shall be allowed to deduct
7 the amount of any accrued federal income taxes and foreign country income
8 taxes as provided in ORS 316.690 in the proportion provided in ORS 316.117.

9 “[~~(c)(A)~~] **(b)(A)** A full-year nonresident individual shall be allowed to de-
10 duct the amount of any alimony or separate maintenance payments paid
11 during such individual’s taxable year in the proportion provided in ORS
12 316.117 except that in determining the proportion the taxpayer’s adjusted
13 gross income shall not include a deduction for alimony. For purposes of this
14 paragraph, ‘alimony or separate maintenance payment’ has the meaning
15 given the phrase in section 215 of the Internal Revenue Code.

16 “**(B)** No deduction shall be allowed under this paragraph if the alimony
17 or separate maintenance payment is not includable in the gross income of
18 the nonresident individual for federal income tax purposes under section 682
19 of the Internal Revenue Code.

20 “**(3)(a)** A full-year nonresident who is a self-employed individual shall be
21 allowed to deduct that individual’s contributions to a qualified plan,
22 deductible on that individual’s federal income tax return pursuant to section
23 401 of the Internal Revenue Code, in the proportion that the individual’s
24 earned income from Oregon sources bears to the individual’s earned income
25 from all sources. ‘Earned income’ has the meaning given in section 401(c)(2)
26 of the Internal Revenue Code. If the numerator of the fraction described in
27 this paragraph is greater than the denominator, the proration of 100 percent
28 shall be used.

29 “**(b)** A full-year nonresident shall be allowed to deduct that individual’s
30 qualified retirement contributions, deductible on that individual’s federal

1 income tax return pursuant to section 219 of the Internal Revenue Code, in
2 the proportion that the individual's compensation from Oregon sources bears
3 to the individual's compensation from all sources. 'Compensation' has the
4 meaning given in section 219(f)(1) of the Internal Revenue Code.

5 "(c) A full-year nonresident individual shall be allowed to deduct the ag-
6 gregate amounts paid in cash to a medical savings account, deductible on the
7 individual's federal income tax return pursuant to section 220 of the Internal
8 Revenue Code, in the proportion that the individual's compensation from
9 Oregon sources bears to the individual's compensation from all sources.
10 Distributions from a medical savings account, if excluded from income for
11 federal income tax purposes, shall be excluded for Oregon income tax pur-
12 poses. Distributions from a medical savings account, if included in income
13 for federal tax purposes, shall be included in income for Oregon tax purposes
14 to the extent that an exclusion has been allowed for contributions to the
15 medical savings account for Oregon tax purposes in a previous year.

16 "**SECTION 4.** ORS 316.362 is amended to read:

17 "316.362. (1) An income tax return with respect to the tax imposed by this
18 chapter shall be made by the following:

19 "(a) Every resident individual:

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

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

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

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

27 "[*iii*] (ii) An amount equal to the income equivalent of one personal
28 exemption credit under ORS 316.085 (3)(b) if unmarried, or equal to the in-
29 come equivalent of two personal exemption credits under ORS 316.085 (3)(b)
30 if married.

1 “(b) Every nonresident individual who has federal gross income from
2 sources in this state of more than [*the basic standard deduction allowed un-*
3 *der ORS 316.695 (1)(c)(B)*] **33 percent of the basic standard deduction al-**
4 **lowed under section 63 of the Internal Revenue Code.**

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

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

9 “(e) Every nonresident trust that for the taxable year has from sources
10 within this state any taxable income, or gross income of \$600 or more re-
11 gardless of the amount of taxable income.

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

15 “(3) For purposes of this section, the income equivalent of a personal ex-
16 emption credit under ORS 316.085 (3)(b) shall be determined as follows:

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

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

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

24 “(A) Multiply the maximum amount of income subject to the rate used in
25 paragraph (a) of this subsection by the rate used in paragraph (a) of this
26 subsection.

27 “(B) Determine the difference between the product calculated under sub-
28 paragraph (A) of this paragraph and the personal exemption credit amount.

29 “(C) Divide the difference determined in subparagraph (B) of this para-
30 graph by the rate applicable to the income bracket that is the next suc-

1 ceeding the lowest income bracket under ORS 316.037.

2 “(D) Add the quotient determined in subparagraph (C) of this paragraph
3 to the maximum amount of income subject to the rate used in paragraph (a)
4 of this subsection. The sum is the income equivalent.

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

6 “316.687. There shall be added to federal taxable income of a parent who
7 makes an election under section 1(g)(7)(B) of the Internal Revenue Code any
8 amount in excess of the standard deduction allowed for a child under [ORS
9 316.695 (8)] **section 63(c)(5) of the Internal Revenue Code** but not in ex-
10 cess of the amount described in section 1(g)(7)(B)(i) of the Internal Revenue
11 Code (twice the amount in effect for the taxable year under section
12 63(c)(5)(A) of the Internal Revenue Code). The addition under this section
13 shall be made for each child whose income is included in the taxable income
14 of the parent under section 1(g)(7)(B) of the Internal Revenue Code.

15 **“SECTION 6.** ORS 316.117 is amended to read:

16 “316.117. (1) Except as provided under subsection (2) of this section, the
17 proportion for making a proration for nonresident taxpayers of [*the standard*
18 *deduction or itemized deductions,*] the personal exemption credits and any
19 accrued federal or foreign income taxes, or for part-year resident taxpayers
20 of the amount of the tax, between Oregon source income and income from
21 all other sources is the federal adjusted gross income of the taxpayer from
22 Oregon sources divided by the taxpayer’s federal adjusted gross income from
23 all sources. If the numerator of the fraction described in this subsection is
24 greater than the denominator, the proportion of 100 percent shall be used in
25 the proration required by this section. As used in this subsection, ‘federal
26 adjusted gross income’ means the federal adjusted gross income of the tax-
27 payer with the additions, subtractions and other modifications to federal
28 taxable income that relate to adjusted gross income for personal income tax
29 purposes.

30 “(2) For part-year resident trusts, the proration made under this section

1 shall be made by reference to the taxable income of the fiduciary.

2 **“SECTION 7. The amendments to ORS 316.037, 316.117, 316.130,**
3 **316.362, 316.687 and 316.695 by sections 1 to 6 of this 2015 Act apply to**
4 **tax years beginning on or after January 1, 2016.**

5 **“SECTION 8. This 2015 Act takes effect on the 91st day after the**
6 **date on which the 2015 regular session of the Seventy-eighth Legisla-**
7 **tive Assembly adjourns sine die.”.**

8
