

# SB 165 Background

## Policy Overview

<p><b>Base approach</b> -- Gross Tax A is calculated under traditional method:  <i>(All Income - Deductions) x (Regular Rates) = Gross Tax A</i></p>
<p><b>Opt-in approach</b> -- Gross Tax B is calculated under the new law:  <i>(Non-passive Income) x (New Rates) = Gross Tax B.1</i>  <i>(All Other Income - Deductions) x (Regular Rates) = Gross Tax B.2</i>  <i>(Gross Tax B.1) + (Gross Tax B.2) = Gross Tax B</i></p>
<p>The taxpayer will choose the lesser of the two gross tax amounts:  <i>Gross Tax = Lesser of "Gross Tax A" or "Gross Tax B"</i></p>

Joint Income Tax Rates	
Taxable Income (\$)	Tax Rate
< \$6,700	5.0%
\$6,700 to \$16,800	7.0%
\$16,800 to \$250,000	9.0%
\$250,000 or more	9.9%

Non-Passive Income Tax Rates	
Taxable Income (\$)	Tax Rate
< \$250,000	7.0%
\$250,000 to \$500,000	7.2%
\$500,000 to \$1 Million	7.6%
\$1 Million to \$2.5 Million	8.0%
\$2.5 Million to \$5 Million	9.0%
\$5 Million or more	9.9%

## Preliminary Data for Tax Year 2015

Full-Year Filers

Income	Revenue Impact (\$M)		
	Estimated Preliminary Difference		
\$0 - \$50k	-\$0.8	\$0.0	\$0.8
\$50k-\$70k	-\$1.4	-\$0.1	\$1.3
\$70k-\$100k	-\$4.0	-\$0.4	\$3.6
\$100k-\$200k	-\$15.9	-\$3.5	\$12.3
\$200k-\$500k	-\$28.9	-\$14.5	\$14.4
> \$500k	-\$40.1	-\$47.6	-\$7.5
<b>Total</b>	<b>-\$91.1</b>	<b>-\$66.3</b>	<b>\$24.9</b>

**Means (\$)**      -\$1,171      -\$4,958

<b>Number of Entities per Tax Return</b>	<b>Tax Returns</b>	<b>Share</b>
1	432	87%
2	49	10%
3	6	1%
4	8	2%
5	3	1%
<b>Total</b>	<b>498</b>	<b>100%</b>

<b>Number of Employees</b>	<b>Number of Companies</b>	<b>Share</b>
<b>Unknown</b>	132	2.2%
<b>1</b>	181	3.1%
<b>2</b>	320	5.4%
<b>3-5</b>	880	14.9%
<b>6-10</b>	1,251	21.2%
<b>11-25</b>	1,735	29.4%
<b>26-50</b>	773	13.1%
<b>51-100</b>	392	6.6%
<b>101-500</b>	224	3.8%
<b>over 500</b>	21	0.4%
<b>Total</b>	<b>5,909</b>	<b>100.0%</b>

## Economic Sectors and Conceptual Amendment

Sector	Entities	Share
Agriculture, Forestry, Fishing, and Hunting	34	7%
Construction	58	12%
Manufacturing	35	7%
Wholesale Trade	31	6%
Retail Trade	37	8%
Transportation and Warehousing	11	2%
Finance and Insurance	22	5%
Real Estate, Rental, and Leasing	25	5%
Professional, Scientific, and Technical Services	95	20%
Administrative, Support, and Waste Management	28	6%
Health Care and Social Assistance	59	12%
Accommodation and Food Services	27	6%
Other Services (except Public Administration)	8	2%
Other	13	3%
Unknown	54	
<b>Total</b>	<b>537</b>	

**11 Agriculture, Forestry, Fishing and Hunting**—Growing crops, raising animals, harvesting timber, and harvesting fish and other animals from farms, ranches, or the animals' natural habitats.

**21 Mining**—Extracting naturally occurring mineral solids, liquid minerals, and gases.

**31-33 Manufacturing**—The mechanical, physical, or chemical transformation of materials, substances, or components into new products.

### Oregon Covered Employment, 2015

Industry	Units	Employment	Share
<b>Agriculture, forestry, fishing &amp; hunting</b>	<b>3,891</b>	<b>49,224</b>	<b>3.3%</b>
<b>Mining</b>	<b>136</b>	<b>1,703</b>	<b>0.1%</b>
Construction	12,179	82,518	5.5%
<b>Manufacturing</b>	<b>5,877</b>	<b>185,497</b>	<b>12.3%</b>
Wholesale trade	9,186	73,709	4.9%
Retail trade	13,487	202,063	13.4%
Transportation, warehousing & utilities	3,433	56,556	3.7%
Information	2,883	33,096	2.2%
Finance and insurance	6,084	56,052	3.7%
Real estate and rental and leasing	5,918	25,054	1.7%
Professional and technical services	15,282	87,194	5.8%
Management of companies and enterprises	1,217	42,907	2.8%
Administrative and waste services	6,702	97,945	6.5%
Educational services	1,937	29,740	2.0%
Health care and social assistance	12,813	221,731	14.7%
Leisure and hospitality	12,753	191,453	12.7%
Other services	21,483	72,823	4.8%
Unclassified	393	258	0.0%
<b>Total</b>	<b>135,654</b>	<b>1,509,523</b>	<b>100.0%</b>

Source: Oregon Employment Department QualityInfo.org