

# Senate Bill 163

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## 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**.

Increases percentage of federal earned income credit allowable as credit against Oregon personal income tax. Increases amount of standard deduction.

First applies to tax years beginning on or after January 1, 2018.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to taxation; creating new provisions; amending ORS 315.266 and 316.085; and prescribing  
3 an effective date.

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

5 **SECTION 1.** ORS 315.266, as amended by section 1, chapter 98, Oregon Laws 2016, is amended  
6 to read:

7 315.266. (1)[(a)] In addition to any other credit available for purposes of ORS chapter 316, an  
8 eligible resident individual shall be allowed a credit against the tax otherwise due under ORS  
9 chapter 316 for the tax year in an amount equal to [eight] **15** percent of the earned income credit  
10 allowable to the individual for the same tax year under section 32 of the Internal Revenue Code.

11 [(b) *Notwithstanding paragraph (a) of this subsection, for a taxpayer with a dependent under the*  
12 *age of three at the close of the tax year, the credit allowed under this section shall be in an amount*  
13 *equal to 11 percent of the earned income credit allowable to the individual for the same tax year under*  
14 *section 32 of the Internal Revenue Code.*]

15 (2) An eligible nonresident individual shall be allowed the credit computed in the same manner  
16 and subject to the same limitations as the credit allowed a resident by subsection (1) of this section.  
17 However, the credit shall be prorated using the proportion provided in ORS 316.117.

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

21 (4) If a change in the status of a taxpayer from resident to nonresident or from nonresident to  
22 resident occurs, the credit allowed by this section shall be determined in a manner consistent with  
23 ORS 316.117.

24 (5) If the amount allowable as a credit under this section, when added to the sum of the amounts  
25 allowable as payment of tax under ORS 316.187 or 316.583, other tax prepayment amounts and other  
26 refundable credit amounts, exceeds the taxes imposed by ORS chapters 314 and 316 for the tax year  
27 after application of any nonrefundable credits allowable for purposes of ORS chapter 316 for the tax  
28 year, the amount of the excess shall be refunded to the taxpayer as provided in ORS 316.502.

29 (6) The Department of Revenue may adopt rules for purposes of this section, including but not

**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 limited to rules relating to proof of eligibility and the furnishing of information regarding the federal  
2 earned income credit claimed by the taxpayer for the tax year.

3 (7) Refunds attributable to the earned income credit allowed under this section do not bear in-  
4 terest.

5 **SECTION 2.** ORS 316.085 is amended to read:

6 316.085. (1)(a) There shall be allowed a personal exemption credit against taxes otherwise due  
7 under this chapter. The credit shall equal [\$90] **\$180** multiplied by the number of personal ex-  
8 emptions allowed under section 151 of the Internal Revenue Code.

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

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

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

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

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

24 (a) Divide the monthly averaged U.S. City Average Consumer Price Index for the 12 consecutive  
25 months ending August 31 of the prior calendar year by the monthly averaged index for the first six  
26 months of 1986.

27 (b) Recompute the dollar amount of the personal exemption credit by multiplying [\$90] **\$180** by  
28 the appropriate indexing factor determined as provided in paragraph (a) of this subsection. Round  
29 off the amount obtained under this paragraph to the nearest \$1.

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

33 (5) Notwithstanding subsections (1) to (3) of this section, a taxpayer may not claim the personal  
34 exemption credit otherwise allowed under this section if the taxpayer's federal adjusted gross in-  
35 come for the tax year exceeds \$200,000 for joint return filers, a surviving spouse or a head of  
36 household, or \$100,000 for an individual who is not a married individual and is not a surviving  
37 spouse, or is a married individual who files a separate return.

38 **SECTION 3. (1) The amendments to ORS 315.266 by section 1 of this 2017 Act apply to tax**  
39 **years beginning on or after January 1, 2018, and before January 1, 2020.**

40 **(2) The amendments to ORS 316.085 by section 2 of this 2017 Act apply to tax years be-**  
41 **ginning on or after January 1, 2018.**

42 **SECTION 4. This 2017 Act takes effect on the 91st day after the date on which the 2017**  
43 **regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**