

Senate Bill 663

Sponsored by Senator OLSEN

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**.

Provides that taxpayer may elect to claim medical expenses of elderly individual as itemized deduction in lieu of claiming subtraction for medical expenses from federal taxable income.

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 tax treatment of medical expenses of elderly individuals; creating new provisions;
3 amending ORS 316.693 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 tax year, the taxpayer deducted itemized deductions,
9 as defined in section 63(d) of the Internal Revenue Code, the taxpayer shall add the amount of
10 itemized deductions deducted (the itemized deductions less an amount, if any, by which the itemized
11 deductions are reduced under section 68 of the Internal Revenue Code).

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

15 (c)(A) From federal taxable income there shall be subtracted the larger of (i) the taxpayer's
16 itemized deductions or (ii) a standard deduction. Except as provided in subsection (8) of this section,
17 for purposes of this subparagraph, "standard deduction" means the sum of the basic standard de-
18 duction 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
27 for each category of return filer listed under subparagraph (B) of this paragraph. The basic standard
28 deduction shall be computed by dividing the monthly averaged U.S. City Average Consumer Price
29 Index for the 12 consecutive months ending August 31 of the prior calendar year by the average
30 U.S. City Average Consumer Price Index for the second quarter of 2002, then multiplying that quo-

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 tient by the amount listed under subparagraph (B) of this paragraph for each category of return
2 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 meanings 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) One of the spouses in a marriage filing a separate return where the other spouse has claimed
15 itemized deductions 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
23 are the *[amount of]* **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)[.];

29 **and**

30 (B) **Unless the taxpayer elects to claim the subtraction allowed under ORS 316.693, the**
31 **amount paid for medical care of the taxpayer during the tax year and not compensated for**
32 **by insurance or otherwise, as described in section 213(a) of the Internal Revenue Code, not**
33 **to exceed seven and one-half percent of the federal adjusted gross income of the taxpayer,**
34 **if the taxpayer or the taxpayer's spouse has attained 65 years of age before the close of the**
35 **tax year and if the amount is attributable to medical care of a taxpayer who has attained**
36 **65 years of age before the close of the tax year.**

37 (2)(a) There shall be subtracted from federal taxable income any portion of the distribution of
38 a pension, profit-sharing, stock bonus or other retirement plan, representing that portion of contri-
39 butions which were taxed by the State of Oregon but not taxed by the federal government under
40 laws in effect for tax years beginning prior to January 1, 1969, or for any subsequent year in which
41 the amount that was contributed to the plan under the Internal Revenue Code was greater than the
42 amount allowed under this chapter.

43 (b) Interest or other earnings on any excess contributions of a pension, profit-sharing, stock
44 bonus or other retirement plan not permitted to be deducted under paragraph (a) of this subsection
45 may not be added to federal taxable income in the year earned by the plan and may not be sub-

1 tracted 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 added to federal taxable
3 income the amount of any federal income taxes in excess of the amount provided in paragraphs (b)
4 to (d) of this subsection, accrued by the taxpayer during the tax year as described in ORS 316.685,
5 less the amount of any refund of federal taxes previously accrued for which a tax benefit was re-
6 ceived.

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

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

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

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

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

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

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

25 (d) In the case of spouses in a marriage filing separate tax returns, the amount added shall be
26 in the amount of any federal income taxes in excess of 50 percent of the amount provided for indi-
27 vidual taxpayers under paragraphs (a) to (c) of this subsection, less the amount of any refund of
28 federal taxes previously accrued for which a tax benefit was received.

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

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

34 (B) The cost-of-living adjustment for a calendar year is the percentage by which the monthly
35 averaged U.S. City Average Consumer Price Index for the 12 consecutive months ending August 31
36 of the prior calendar year exceeds the monthly averaged index for the period beginning September
37 1, 2005, and ending August 31, 2006.

38 (C) As used in this paragraph, "U.S. City Average Consumer Price Index" means the U.S. City
39 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of
40 Labor Statistics of the United States Department of Labor.

41 (D) If any adjustment determined under subparagraph (B) of this paragraph is not a multiple of
42 \$50, the adjustment shall be rounded to the next lower multiple of \$50.

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

45 (4)(a) In addition to the adjustments required by ORS 316.130, a full-year nonresident individual

1 shall add to taxable income a proportion of any accrued federal income taxes as computed under
2 ORS 316.685 in excess of the amount provided in subsection (3) of this section in the proportion
3 provided in ORS 316.117.

4 (b) In the case of spouses in a marriage filing separate tax returns, the amount added under this
5 subsection shall be computed in a manner consistent with the computation of the amount to be
6 added in the case of spouses in a marriage filing separate returns under subsection (3) of this sec-
7 tion. The method of computation shall be determined by the Department of Revenue by rule.

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

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

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

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

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

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

26 (A) For the taxpayer if the taxpayer has attained age 65 before the close of the taxpayer's tax
27 year; and

28 (B) For the spouse of the taxpayer if the spouse has attained age 65 before the close of the tax
29 year and an additional exemption is allowable to the taxpayer for such spouse for federal income
30 tax purposes under section 151(b) of the Internal Revenue Code.

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

33 (A) For the taxpayer if the taxpayer is blind at the close of the tax year; and

34 (B) For the spouse of the taxpayer if the spouse is blind as of the close of the tax year and an
35 additional exemption is allowable to the taxpayer for such spouse for federal income tax purposes
36 under section 151(b) of the Internal Revenue Code. For purposes of this subparagraph, if the spouse
37 dies during the tax year, the determination of whether such spouse is blind shall be made imme-
38 diately prior to death.

39 (c) In the case of an individual who is not married and is not a surviving spouse, paragraphs (a)
40 and (b) of this subsection shall be applied by substituting "\$1,200" for "\$1,000."

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

45 (8) In the case of an individual with respect to whom a deduction under section 151 of the

1 Internal Revenue Code is allowable for federal income tax purposes to another taxpayer for a tax
2 year beginning in the calendar year in which the individual's tax year begins, the basic standard
3 deduction (referred to in subsection (1)(c)(B) of this section) applicable to such individual for such
4 individual's tax year shall equal the lesser of:

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

7 (b) The amount determined under subsection (1)(c)(B) of this section.

8 **SECTION 2.** ORS 316.695, as amended by section 1 of this 2017 Act, is amended to read:

9 316.695. (1) In addition to the modifications to federal taxable income contained in this chapter,
10 there shall be added to or subtracted from federal taxable income:

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

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

18 (c)(A) From federal taxable income there shall be subtracted the larger of (i) the taxpayer's
19 itemized deductions or (ii) a standard deduction. Except as provided in subsection (8) of this section,
20 for purposes of this subparagraph, "standard deduction" means the sum of the basic standard de-
21 duction and the additional standard deduction.

22 (B) For purposes of subparagraph (A) of this paragraph, the basic standard deduction is:

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

24 (ii) \$1,640, in the case of an individual who is not a married individual and is not a surviving
25 spouse;

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

27 (iv) \$2,640, in the case of a head of household.

28 (C)(i) For purposes of subparagraph (A) of this paragraph for tax years beginning on or after
29 January 1, 2003, the Department of Revenue shall annually recompute the basic standard deduction
30 for each category of return filer listed under subparagraph (B) of this paragraph. The basic standard
31 deduction shall be computed by dividing the monthly averaged U.S. City Average Consumer Price
32 Index for the 12 consecutive months ending August 31 of the prior calendar year by the average
33 U.S. City Average Consumer Price Index for the second quarter of 2002, then multiplying that quo-
34 tient by the amount listed under subparagraph (B) of this paragraph for each category of return
35 filer.

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

38 (iii) As used in this subparagraph, "U.S. City Average Consumer Price Index" means the U.S.
39 City Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau
40 of Labor Statistics of the United States Department of Labor.

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

43 (E) As used in subparagraph (B) of this paragraph, "surviving spouse" and "head of household"
44 have the meanings given those terms in section 2 of the Internal Revenue Code.

45 (F) In the case of the following, the standard deduction referred to in subparagraph (A) of this

1 paragraph shall be zero:

2 (i) One of the spouses in a marriage filing a separate return where the other spouse has claimed
3 itemized deductions under subparagraph (A) of this paragraph;

4 (ii) A nonresident alien individual;

5 (iii) An individual making a return for a period of less than 12 months on account of a change
6 in the individual's annual accounting period;

7 (iv) An estate or trust;

8 (v) A common trust fund; or

9 (vi) A partnership.

10 (d) For the purposes of paragraph (c)(A) of this subsection, the taxpayer's itemized deductions
11 are the sum of:

12 (A) The taxpayer's itemized deductions as defined in section 63(d) of the Internal Revenue Code
13 (reduced, if applicable, as described under section 68 of the Internal Revenue Code) minus the de-
14 duction for Oregon income tax (reduced, if applicable, by the proportion that the reduction in federal
15 itemized deductions resulting from section 68 of the Internal Revenue Code bears to the amount of
16 federal itemized deductions as defined for purposes of section 68 of the Internal Revenue Code); and

17 (B) Unless the taxpayer elects to claim the subtraction allowed under ORS 316.693, the amount
18 paid for medical care of the taxpayer during the tax year and not compensated for by insurance or
19 otherwise, as described in section 213(a) of the Internal Revenue Code, not to exceed seven and
20 one-half percent of the federal adjusted gross income of the taxpayer, if the taxpayer or the
21 taxpayer's spouse has attained [65] **66** years of age before the close of the tax year and if the amount
22 is attributable to medical care of a taxpayer who has attained [65] **66** years of age before the close
23 of the tax year.

24 (2)(a) There shall be subtracted from federal taxable income any portion of the distribution of
25 a pension, profit-sharing, stock bonus or other retirement plan, representing that portion of contri-
26 butions which were taxed by the State of Oregon but not taxed by the federal government under
27 laws in effect for tax years beginning prior to January 1, 1969, or for any subsequent year in which
28 the amount that was contributed to the plan under the Internal Revenue Code was greater than the
29 amount allowed under this chapter.

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

34 (3)(a) Except as provided in subsection (4) of this section, there shall be added to federal taxable
35 income the amount of any federal income taxes in excess of the amount provided in paragraphs (b)
36 to (d) of this subsection, accrued by the taxpayer during the tax year as described in ORS 316.685,
37 less the amount of any refund of federal taxes previously accrued for which a tax benefit was re-
38 ceived.

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

40 (A) \$5,500, if the federal adjusted gross income of the taxpayer for the tax year is less than
41 \$125,000, or, if reported on a joint return, less than \$250,000.

42 (B) \$4,400, if the federal adjusted gross income of the taxpayer for the tax year is \$125,000 or
43 more and less than \$130,000, or, if reported on a joint return, \$250,000 or more and less than
44 \$260,000.

45 (C) \$3,300, if the federal adjusted gross income of the taxpayer for the tax year is \$130,000 or

1 more and less than \$135,000, or, if reported on a joint return, \$260,000 or more and less than
2 \$270,000.

3 (D) \$2,200, if the federal adjusted gross income of the taxpayer for the tax year is \$135,000 or
4 more and less than \$140,000, or, if reported on a joint return, \$270,000 or more and less than
5 \$280,000.

6 (E) \$1,100, if the federal adjusted gross income of the taxpayer for the tax year is \$140,000 or
7 more and less than \$145,000, or, if reported on a joint return, \$280,000 or more and less than
8 \$290,000.

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

12 (d) In the case of spouses in a marriage filing separate tax returns, the amount added shall be
13 in the amount of any federal income taxes in excess of 50 percent of the amount provided for indi-
14 vidual taxpayers under paragraphs (a) to (c) of this subsection, less the amount of any refund of
15 federal taxes previously accrued for which a tax benefit was received.

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

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

21 (B) The cost-of-living adjustment for a calendar year is the percentage by which the monthly
22 averaged U.S. City Average Consumer Price Index for the 12 consecutive months ending August 31
23 of the prior calendar year exceeds the monthly averaged index for the period beginning September
24 1, 2005, and ending August 31, 2006.

25 (C) As used in this paragraph, "U.S. City Average Consumer Price Index" means the U.S. City
26 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of
27 Labor Statistics of the United States Department of Labor.

28 (D) If any adjustment determined under subparagraph (B) of this paragraph is not a multiple of
29 \$50, the adjustment shall be rounded to the next lower multiple of \$50.

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

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

36 (b) In the case of spouses in a marriage filing separate tax returns, the amount added under this
37 subsection shall be computed in a manner consistent with the computation of the amount to be
38 added in the case of spouses in a marriage filing separate returns under subsection (3) of this sec-
39 tion. The method of computation shall be determined by the Department of Revenue by rule.

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

42 (6)(a) For tax years beginning on or after January 1, 1981, and prior to January 1, 1983, income
43 or loss taken into account in determining federal taxable income by a shareholder of an S corpo-
44 ration pursuant to sections 1373 to 1375 of the Internal Revenue Code shall be adjusted for purposes
45 of determining Oregon taxable income, to the extent that as income or loss of the S corporation,

1 they were required to be adjusted under the provisions of ORS chapter 317.

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

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

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

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

13 (A) For the taxpayer if the taxpayer has attained age 65 before the close of the taxpayer's tax
14 year; and

15 (B) For the spouse of the taxpayer if the spouse has attained age 65 before the close of the tax
16 year and an additional exemption is allowable to the taxpayer for such spouse for federal income
17 tax purposes under section 151(b) of the Internal Revenue Code.

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

20 (A) For the taxpayer if the taxpayer is blind at the close of the tax year; and

21 (B) For the spouse of the taxpayer if the spouse is blind as of the close of the tax year and an
22 additional exemption is allowable to the taxpayer for such spouse for federal income tax purposes
23 under section 151(b) of the Internal Revenue Code. For purposes of this subparagraph, if the spouse
24 dies during the tax year, the determination of whether such spouse is blind shall be made imme-
25 diately prior to death.

26 (c) In the case of an individual who is not married and is not a surviving spouse, paragraphs (a)
27 and (b) of this subsection shall be applied by substituting "\$1,200" for "\$1,000."

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

32 (8) In the case of an individual with respect to whom a deduction under section 151 of the
33 Internal Revenue Code is allowable for federal income tax purposes to another taxpayer for a tax
34 year beginning in the calendar year in which the individual's tax year begins, the basic standard
35 deduction (referred to in subsection (1)(c)(B) of this section) applicable to such individual for such
36 individual's tax year shall equal the lesser of:

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

39 (b) The amount determined under subsection (1)(c)(B) of this section.

40 **SECTION 3.** ORS 316.693 is amended to read:

41 316.693. (1)(a) In addition to the other modifications to federal taxable income contained in this
42 chapter, there shall be subtracted from federal taxable income the amount paid for medical care of
43 an individual and not compensated for by insurance or otherwise, as described in section 213 of the
44 Internal Revenue Code, if the individual meets the age requirement for the tax year under sub-
45 section (2) of this section. The amount subtracted under this section may not exceed:

1 (A) \$3,600 for a joint return if both spouses meet the age requirement for the tax year under
2 subsection (2) of this section, with no more than \$1,800 attributable to the medical care of either
3 spouse;

4 (B) \$1,800 for a joint return if only one spouse meets the age requirement for the tax year under
5 subsection (2) of this section, with no more than \$1,800 attributable to the medical care of that
6 spouse; or

7 (C) \$1,800 for each individual filing a return who meets the age requirement for the tax year
8 under subsection (2) of this section, with no more than \$1,800 attributable to the medical care of
9 that individual.

10 (b) The subtraction under this section may not include amounts that have previously been de-
11 ducted in the calculation of Oregon taxable income.

12 (2) The subtraction under this section is available only if the individual has attained the fol-
13 lowing age before the close of the tax year:

14 (a) For tax years beginning on or after January 1, 2013, and before January 1, 2014, an indi-
15 vidual must attain 62 years of age before the close of the tax year.

16 (b) For tax years beginning on or after January 1, 2014, and before January 1, 2016, an indi-
17 vidual must attain 63 years of age before the close of the tax year.

18 (c) For tax years beginning on or after January 1, 2016, and before January 1, 2018, an individ-
19 ual must attain 64 years of age before the close of the tax year.

20 (d) For tax years beginning on or after January 1, 2018, and before January 1, 2020, an indi-
21 vidual must attain 65 years of age before the close of the tax year.

22 (e) For tax years beginning on or after January 1, 2020, an individual must attain 66 years of
23 age before the close of the tax year.

24 (3) Notwithstanding the amount calculated under subsection (1) of this section, the maximum
25 amount allowed for a subtraction under this section may not exceed:

26 (a) \$1,400 per individual, if the federal adjusted gross income of the taxpayer for the tax year
27 is \$50,000 or more and less than \$100,000 for a taxpayer who files a return jointly, as a head of
28 household or as a surviving spouse, or for all other taxpayers, \$25,000 or more and less than \$50,000.

29 (b) \$1,000 per individual, if the federal adjusted gross income of the taxpayer for the tax year
30 is \$100,000 or more but does not exceed \$200,000 for a taxpayer who files a return jointly, as a head
31 of household or as a surviving spouse, or for all other taxpayers, \$50,000 or more but does not ex-
32 ceed \$100,000.

33 (4) A subtraction may not be claimed under this section if the federal adjusted gross income of
34 the taxpayer for the tax year exceeds:

35 (a) \$200,000 for joint return filers, a surviving spouse or a head of household; or

36 (b) \$100,000 for an individual who is not a married individual and is not a surviving spouse, or
37 is a married individual who files a separate return.

38 **(5) A subtraction may not be claimed under this section by a taxpayer who elects to claim**
39 **an itemized deduction under ORS 316.695 (1)(d)(B) for the tax year.**

40 **SECTION 4. (1) The amendments to ORS 316.695 by section 1 of this 2017 Act apply to tax**
41 **years beginning on or after January 1, 2018, and before January 1, 2020.**

42 **(2) The amendments to ORS 316.695 by section 2 of this 2017 Act apply to tax years be-**
43 **ginning on or after January 1, 2020.**

44 **(3) The amendments to ORS 316.693 by section 3 of this 2017 Act apply to tax years be-**
45 **ginning on or after January 1, 2018.**

1 **SECTION 5.** This 2017 Act takes effect on the 91st day after the date on which the 2017
2 regular session of the Seventy-ninth Legislative Assembly adjourns sine die.
3 _____