

**SB 1018 STAFF MEASURE SUMMARY**

**Senate Committee On Finance and Revenue**

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**Prepared By:** Kyle Easton, Economist

**Sub-Referral To:** Joint Committee On Tax Expenditures

**Meeting Dates:** 4/20

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**WHAT THE MEASURE DOES:**

Establishes personal income tax rate equal to four percent of taxable income if taxpayer's adjusted gross income does not exceed \$100,000 if reported on a joint return or \$50,000 for all other types of tax returns. Applies to tax years 2024 through 2029. Taxes effect on 91st day following adjournment sine die.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

Oregon's personal income tax rates progressively increase based on a taxpayer's taxable income. Oregon's initial three income tax brackets are annually adjusted to inflation and for a single filing taxpayer in 2022 were (for joint filers, bracket amounts are doubled)

First \$3,750: 4.75%

\$3,751 - \$9,450: 6.75%

\$9,451 - \$125,000: 8.75%

Over \$125,000: 9.9%

Under SB 1018, for taxpayers with adjusted gross income (AGI) equal to or less than \$50,000 (single) or \$100,000 (joint), a flat tax rate of 4% is imposed against the taxpayer's taxable income. For taxpayers with AGI above the respective limits, their tax is calculated using Oregon's existing tax brackets and rates. Applicability of reduced flat tax rate is assumed to apply for six tax years per ORS 315.037.