

House Bill 3504

Sponsored by Representative CHAICHI

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**.

Modifies personal income tax brackets. Decreases rates applicable and resulting tax imposed on income at lower brackets. Increases personal income tax imposed on certain taxpayers by adding new brackets with higher marginal rates.

Applies to tax years beginning on or after January 1, 2024.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to marginal income tax rates; creating new provisions; amending ORS 316.037; prescribing an effective date; and providing for revenue raising that requires approval by a three-fifths majority.

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

SECTION 1. ORS 316.037 is amended to read:

316.037. (1)(a) A tax is imposed for each taxable year on the entire taxable income of every resident of this state. The amount of the tax shall be determined in accordance with the following table:

[_____]

<i>If taxable income is:</i>	<i>The tax is:</i>
<i>Not over \$2,000</i>	<i>4.75% of taxable income</i>
<i>Over \$2,000 but not over \$5,000</i>	<i>\$95 plus 6.75% of the excess over \$2,000</i>
<i>Over \$5,000 but not over \$125,000</i>	<i>\$298 plus 8.75% of the excess over \$5,000</i>
<i>Over \$125,000</i>	<i>\$10,798 plus 9.9% of the excess over \$125,000</i>

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	[_____]
2			
3			
4			
5	If taxable income is:	The tax is:	
6			
7	Not over \$20,000	2% of	
8		taxable	
9		income	
10			
11	Over \$20,000 but not		
12	over \$40,000	\$400 plus 4%	
13		of the excess	
14		over \$20,000	
15			
16	Over \$40,000 but not		
17	over \$60,000	\$1,200 plus 6%	
18		of the excess	
19		over \$40,000	
20			
21	Over \$60,000 but not		
22	over \$80,000	\$2,400 plus 8%	
23		of the excess	
24		over \$60,000	
25			
26	Over \$80,000 but not		
27	over \$100,000	\$4,000 plus 10%	
28		of the excess	
29		over \$80,000	
30			
31	Over \$100,000 but not		
32	over \$150,000	\$6,000 plus 12%	
33		of the excess	
34		over \$100,000	
35			
36	Over \$150,000 but not		
37	over \$200,000	\$12,000 plus 14%	
38		of the excess	
39		over \$150,000	
40			
41	Over \$200,000 but not		
42	over \$250,000	\$19,000 plus 16%	
43		of the excess	
44		over \$150,000	
45			

1	Over \$250,000	\$27,000 plus 18%
2		of the excess
3		over \$250,000

5
6 (b) For tax years beginning in each calendar year, the Department of Revenue shall adopt a
7 table that shall apply in lieu of the table contained in paragraph (a) of this subsection, as follows:

8 (A) Except as provided in subparagraph (D) of this paragraph, the minimum and maximum dollar
9 amounts for each bracket for which a tax is imposed shall be increased by the cost-of-living adjust-
10 ment for the calendar year.

11 (B) The rate applicable to any rate bracket as adjusted under subparagraph (A) of this para-
12 graph [shall] **may** not be changed.

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

15 (D) The rate [brackets] **bracket** applicable to taxable income in excess of [~~\$125,000~~] **\$250,000**
16 may not be adjusted.

17 (c) For purposes of paragraph (b) of this subsection, the cost-of-living adjustment for any calen-
18 dar year is the percentage (if any) by which the monthly averaged U.S. City Average Consumer
19 Price Index for the 12 consecutive months ending August 31 of the prior calendar year exceeds the
20 monthly averaged index for the second quarter of the calendar year [1992] **2023**.

21 (d) As used in this subsection, “U.S. City Average Consumer Price Index” means the U.S. City
22 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of
23 Labor Statistics of the United States Department of Labor.

24 (e) If any increase determined under paragraph (b) of this subsection is not a multiple of \$50,
25 the increase shall be rounded to the next lower multiple of \$50.

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

30 (3) A tax is imposed for each taxable year on the taxable income of every full-year nonresident
31 that is derived from sources within this state. The amount of the tax shall be determined in ac-
32 cordance with the table set forth in subsection (1) of this section.

33 **SECTION 2. The amendments to ORS 316.037 by section 1 of this 2023 Act apply to tax**
34 **years beginning on or after January 1, 2024.**

35 **SECTION 3. This 2023 Act takes effect on the 91st day after the date on which the 2023**
36 **regular session of the Eighty-second Legislative Assembly adjourns sine die.**