

Requested by Representative RESCHKE

**PROPOSED AMENDMENTS TO  
HOUSE BILL 2071**

1 In line 2 of the printed bill, after “revenue” insert “; creating new pro-  
2 visions; amending ORS 316.037 and 316.695; and prescribing an effective  
3 date”.

4 Delete lines 4 through 8 and insert:

5 **“SECTION 1.** ORS 316.037 is amended to read:

6 “316.037. (1)(a) A tax is imposed for each taxable year on the entire tax-  
7 able income of every resident of this state. The amount of the tax shall be  
8 determined in accordance with the following table:

9 “[ \_\_\_\_\_ ]

<i>If taxable income is:</i>	<i>The tax is:</i>
10	
11	
12 <i>Not over \$2,000</i>	<i>4.75% of</i>
13	<i>taxable</i>
14	<i>income</i>
15	
16 <i>Over \$2,000 but not</i>	
17 <i>over \$5,000</i>	<i>\$95 plus 6.75%</i>
18	<i>of the excess</i>
19	<i>over \$2,000</i>
20	
21 <i>Over \$5,000 but not</i>	

1      *over \$125,000*                    *\$298 plus 8.75%*  
2                                            *of the excess*  
3                                            *over \$5,000*

4  
5      *Over \$125,000*                    *\$10,798 plus 9.9%*  
6                                            *of the excess*  
7                                            *over \$125,000*

8      “[ \_\_\_\_\_ ]  
9      “ \_\_\_\_\_

10   **If taxable income is:**            **The tax is:**

11  
12   **Not over \$25,000**                **3% of**  
13                                            **taxable**  
14                                            **income**

15  
16   **Over \$25,000 but not**  
17        **over \$50,000**                **\$750 plus 4%**  
18                                            **of the excess**  
19                                            **over \$25,000**

20  
21   **Over \$50,000 but not**  
22        **over \$100,000**                **\$1,750 plus 5%**  
23                                            **of the excess**  
24                                            **over \$50,000**

25  
26   **Over \$100,000 but not**  
27        **over \$250,000**                **\$4,250 plus 6%**  
28                                            **of the excess**  
29                                            **over \$100,000**

30

1	Over \$250,000 but not	
2	over \$500,000	\$13,250 plus 7%
3		of the excess
4		over \$250,000
5		
6	Over \$500,000	\$30,750 plus 8.5%
7		of the excess
8		over \$500,000

9 “ \_\_\_\_\_

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

13 “(A) [*Except as provided in subparagraph (D) of this paragraph,*] The  
 14 minimum and maximum dollar amounts for each bracket for which a tax is  
 15 imposed shall be increased by the cost-of-living adjustment for the calendar  
 16 year.

17 “(B) The rate applicable to any rate bracket as adjusted under subpara-  
 18 graph (A) of this paragraph [*shall*] **may** not be changed.

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

21 “[*(D) The rate brackets applicable to taxable income in excess of \$125,000*  
 22 *may not be adjusted.*]

23 “(c) For purposes of paragraph (b) of this subsection, the cost-of-living  
 24 adjustment for any calendar year is the percentage (if any) by which the  
 25 monthly averaged U.S. City Average Consumer Price Index for the 12 con-  
 26 secutive months ending August 31 of the prior calendar year exceeds the  
 27 monthly averaged index for the second quarter of the calendar year [*1992*]  
 28 **2023**.

29 “(d) As used in this subsection, ‘U.S. City Average Consumer Price  
 30 Index’ means the U.S. City Average Consumer Price Index for All Urban

1 Consumers (All Items) as published by the Bureau of Labor Statistics of the  
2 United States Department of Labor.

3 “(e) If any increase determined under paragraph (b) of this subsection is  
4 not a multiple of \$50, the increase shall be rounded to the next lower mul-  
5 tiple of \$50.

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

12 “(3) A tax is imposed for each taxable year on the taxable income of every  
13 full-year nonresident that is derived from sources within this state. The  
14 amount of the tax shall be determined in accordance with the table set forth  
15 in subsection (1) of this section.

16 **“SECTION 2.** ORS 316.695, as amended by section 10, chapter 97, Oregon  
17 Laws 2022, is amended to read:

18 “316.695. (1) In addition to the modifications to federal taxable income  
19 contained in this chapter, there shall be added to or subtracted from federal  
20 taxable income:

21 “(a) If, in computing federal income tax for a tax year, the taxpayer de-  
22 ducted itemized deductions, as defined in section 63(d) of the Internal Reve-  
23 nue Code, the taxpayer shall add the amount of itemized deductions deducted  
24 (the itemized deductions less an amount, if any, by which the itemized de-  
25 ductions are reduced under section 68 of the Internal Revenue Code).

26 “(b) If, in computing federal income tax for a tax year, the taxpayer de-  
27 ducted the standard deduction, as defined in section 63(c) of the Internal  
28 Revenue Code, the taxpayer shall add the amount of the standard deduction  
29 deducted.

30 “(c)(A) From federal taxable income there shall be subtracted the larger

1 of (i) the taxpayer's itemized deductions or (ii) a standard deduction. Except  
2 as provided in subsection (8) of this section, for purposes of this subpara-  
3 graph, 'standard deduction' means the sum of the basic standard deduction  
4 and the additional standard deduction.

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

7 "(i) [~~\$3,280~~] **\$9,680**, in the case of joint return filers or a surviving spouse;

8 "(ii) [~~\$1,640~~] **\$4,840**, in the case of an individual who is not a married in-  
9 dividual and is not a surviving spouse;

10 "(iii) [~~\$1,640~~] **\$4,840**, in the case of a married individual who files a sep-  
11 arate return; or

12 "(iv) [~~\$2,640~~] **\$7,790**, in the case of a head of household.

13 "(C)(i) For purposes of subparagraph (A) of this paragraph for tax years  
14 beginning on or after January 1, 2003, the Department of Revenue shall an-  
15 nually recompute the basic standard deduction for each category of return  
16 filer listed under subparagraph (B) of this paragraph. The basic standard  
17 deduction shall be computed by dividing the monthly averaged U.S. City  
18 Average Consumer Price Index for the 12 consecutive months ending August  
19 31 of the prior calendar year by the average U.S. City Average Consumer  
20 Price Index for the second quarter of [~~2002~~] **2023**, then multiplying that  
21 quotient by the amount listed under subparagraph (B) of this paragraph for  
22 each category of return filer.

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

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

30 "(D) For purposes of subparagraph (A) of this paragraph, the additional

1 standard deduction is the sum of each additional amount to which the tax-  
2 payer is entitled under subsection (7) of this section.

3 “(E) As used in subparagraph (B) of this paragraph, ‘surviving spouse’ and  
4 ‘head of household’ have the meanings given those terms in section 2 of the  
5 Internal Revenue Code.

6 “(F) In the case of the following, the standard deduction referred to in  
7 subparagraph (A) of this paragraph shall be zero:

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

11 “(ii) A nonresident noncitizen;

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

14 “(iv) An estate or trust;

15 “(v) A common trust fund; or

16 “(vi) A partnership.

17 “(d) For the purposes of paragraph (c)(A) of this subsection, the taxpayer’s  
18 itemized deductions are the amount of the taxpayer’s itemized deductions as  
19 defined in section 63(d) of the Internal Revenue Code (reduced, if applicable,  
20 as described under section 68 of the Internal Revenue Code) minus the de-  
21 duction for Oregon income tax (reduced, if applicable, by the proportion that  
22 the reduction in federal itemized deductions resulting from section 68 of the  
23 Internal Revenue Code bears to the amount of federal itemized deductions  
24 as defined for purposes of section 68 of the Internal Revenue Code).

25 “(2)(a) There shall be subtracted from federal taxable income any portion  
26 of the distribution of a pension, profit-sharing, stock bonus or other retire-  
27 ment plan, representing that portion of contributions which were taxed by  
28 the State of Oregon but not taxed by the federal government under laws in  
29 effect for tax years beginning prior to January 1, 1969, or for any subsequent  
30 year in which the amount that was contributed to the plan under the Inter-

1   nal Revenue Code was greater than the amount allowed under this chapter.

2       “(b) Interest or other earnings on any excess contributions of a pension,  
3   profit-sharing, stock bonus or other retirement plan not permitted to be de-  
4   ducted under paragraph (a) of this subsection may not be added to federal  
5   taxable income in the year earned by the plan and may not be subtracted  
6   from federal taxable income in the year received by the taxpayer.

7       “(3)(a) Except as provided in subsection (4) of this section, there shall be  
8   added to federal taxable income the amount of any federal income taxes in  
9   excess of the amount provided in paragraphs (b) to (d) of this subsection,  
10   accrued by the taxpayer during the tax year as described in ORS 316.685, less  
11   the amount of any refund of federal taxes previously accrued for which a tax  
12   benefit was received.

13       “(b) The limits applicable to this subsection are:

14       “(A) \$5,500, if the federal adjusted gross income of the taxpayer for the  
15   tax year is less than \$125,000, or, if reported on a joint return, less than  
16   \$250,000.

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

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

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

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

29       “(c) If the federal adjusted gross income of the taxpayer is \$145,000 or  
30   more for the tax year, or, if reported on a joint return, \$290,000 or more, the

1 limit is zero and the taxpayer is not allowed a subtraction for federal income  
2 taxes under ORS 316.680 (1) for the tax year.

3 “(d) In the case of spouses in a marriage filing separate tax returns, the  
4 amount added shall be in the amount of any federal income taxes in excess  
5 of 50 percent of the amount provided for individual taxpayers under para-  
6 graphs (a) to (c) of this subsection, less the amount of any refund of federal  
7 taxes previously accrued for which a tax benefit was received.

8 “(e) For purposes of this subsection, the limits applicable to a joint return  
9 shall apply to a head of household or a surviving spouse, as defined in sec-  
10 tion 2(a) and (b) of the Internal Revenue Code.

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

15 “(B) The cost-of-living adjustment for a calendar year is the percentage  
16 by which the monthly averaged U.S. City Average Consumer Price Index for  
17 the 12 consecutive months ending August 31 of the prior calendar year ex-  
18 ceeds the monthly averaged index for the period beginning September 1, 2005,  
19 and ending August 31, 2006.

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

24 “(D) If any adjustment determined under subparagraph (B) of this para-  
25 graph is not a multiple of \$50, the adjustment shall be rounded to the next  
26 lower multiple of \$50.

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

29 “(4)(a) In addition to the adjustments required by ORS 316.130, a full-year  
30 nonresident individual shall add to taxable income a proportion of any ac-



1 crued federal income taxes as computed under ORS 316.685 in excess of the  
2 amount provided in subsection (3) of this section in the proportion provided  
3 in ORS 316.117.

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

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

13 “(6)(a) For tax years beginning on or after January 1, 1981, and prior to  
14 January 1, 1983, income or loss taken into account in determining federal  
15 taxable income by a shareholder of an S corporation pursuant to sections  
16 1373 to 1375 of the Internal Revenue Code shall be adjusted for purposes of  
17 determining Oregon taxable income, to the extent that as income or loss of  
18 the S corporation, they were required to be adjusted under the provisions  
19 of ORS chapter 317.

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

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

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

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

3 “(A) For the taxpayer if the taxpayer has attained age 65 before the close  
4 of the taxpayer’s tax year; and

5 “(B) For the spouse of the taxpayer if the spouse has attained age 65 be-  
6 fore the close of the tax year and an additional exemption is allowable to  
7 the taxpayer for such spouse for federal income tax purposes under section  
8 151(b) of the Internal Revenue Code.

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

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

13 “(B) For the spouse of the taxpayer if the spouse is blind as of the close  
14 of the tax year and an additional exemption is allowable to the taxpayer for  
15 such spouse for federal income tax purposes under section 151(b) of the  
16 Internal Revenue Code. For purposes of this subparagraph, if the spouse dies  
17 during the tax year, the determination of whether such spouse is blind shall  
18 be made immediately prior to death.

19 “(c) In the case of an individual who is not married and is not a surviving  
20 spouse, paragraphs (a) and (b) of this subsection shall be applied by substi-  
21 tuting ‘\$1,200’ for ‘\$1,000.’

22 “(d) For purposes of this subsection, an individual is blind only if the  
23 individual’s central visual acuity does not exceed 20/200 in the better eye  
24 with correcting lenses, or if the individual’s visual acuity is greater than  
25 20/200 but is accompanied by a limitation in the fields of vision such that  
26 the widest diameter of the visual field subtends an angle no greater than 20  
27 degrees.

28 “(8) In the case of an individual with respect to whom a deduction under  
29 section 151 of the Internal Revenue Code is allowable for federal income tax  
30 purposes to another taxpayer for a tax year beginning in the calendar year

1 in which the individual's tax year begins, the basic standard deduction (re-  
2 ferred to in subsection (1)(c)(B) of this section) applicable to such individual  
3 for such individual's tax year shall equal the lesser of:

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

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

8 **"SECTION 3. The amendments to ORS 316.037 and 316.695 by**  
9 **sections 1 and 2 of this 2023 Act apply to tax years beginning on or**  
10 **after January 1, 2024.**

11 **"SECTION 4. This 2023 Act takes effect on the 91st day after the**  
12 **date on which the 2023 regular session of the Eighty-second Legislative**  
13 **Assembly adjourns sine die."**

14 \_\_\_\_\_