

House Bill 2116

Sponsored by Representative RESCHKE (Pre-session filed.)

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**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act makes all brackets for personal income tax and corporate excise tax adjust for changes in CPI. (Flesch Readability Score: 61.6).

Provides that the threshold of the highest personal income tax bracket and the corporate excise tax bracket threshold are adjusted for inflation.

Applies to tax years beginning on or after January 1, 2026.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to tax rates; creating new provisions; amending ORS 316.037 and 317.061; and prescribing
3 an effective date.

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

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 taxable income of every
7 resident of this state. The amount of the tax shall be determined in accordance with the following
8 table:

11 If taxable income is:	11 The tax is:
13 Not over \$2,000	13 4.75% of 14 taxable 15 income
17 Over \$2,000 but not 18 over \$5,000	17 \$95 plus 6.75% 18 of the excess 19 over \$2,000
22 Over \$5,000 but not 23 over \$125,000	22 \$298 plus 8.75% 23 of the excess 24 over \$5,000
27 Over \$125,000	27 \$10,798 plus 9.9% 28 of the excess

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.

over \$125,000

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

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

(B) The rate applicable to any rate bracket as adjusted under subparagraph (A) of this paragraph may not be changed.

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

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

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

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

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

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

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

SECTION 2. ORS 317.061 is amended to read:

317.061. (1) The rate of the tax imposed by and computed under this chapter is:

[(1)] (a) Six and six-tenths percent of the first \$1 million of taxable income, or fraction thereof; and

[(2)] (b) Seven and six-tenths percent of any amount of taxable income in excess of \$1 million.

(2) The Department of Revenue shall annually adjust the rate threshold amount in subsection (1) of this section according to the cost-of-living adjustment for the calendar year. The department shall make this adjustment by multiplying \$1 million by the percentage, if any, by which the monthly averaged U.S. City Average Consumer Price Index for the 12 consecutive months ending August 31 of the prior calendar year exceeds the monthly averaged U.S. City Average Consumer Price Index for the 12 consecutive months ending August 31, 2025.

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

SECTION 3. (1) The amendments to ORS 316.037 by section 1 of this 2025 Act apply to tax

1 years beginning on or after January 1, 2026.

2 (2) The amendments to ORS 317.061 by section 2 of this 2025 Act apply to tax years be-
3 ginning on or after January 1, 2027.

4 SECTION 4. This 2025 Act takes effect on the 91st day after the date on which the 2025
5 regular session of the Eighty-third Legislative Assembly adjourns sine die.

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