

# Senate Bill 1507

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## 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 would reduce income taxes and other taxes if the state collects a retail sales tax. (Flesch Readability Score: 70.1).

Reduces taxes imposed under various tax programs, operative conditioned upon imposition of a statewide retail sales tax dedicated to specified purposes. Directs the Department of Revenue to estimate the revenue lost to tax reductions and to direct an equal amount of revenue to various purposes.

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

## A BILL FOR AN ACT

Relating to revenue; creating new provisions; amending ORS 316.037, 317.061, 317.090 and 317A.125; and prescribing an effective date.

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

**SECTION 1.** ORS 317A.125 is amended to read:

317A.125. (1) The corporate activity tax imposed under ORS 317A.116 for each tax year shall equal \$250 plus the product of the taxpayer's taxable commercial activity in excess of \$1 million for the tax year multiplied by [0.57] \_\_\_\_\_ percent.

(2) A tax is not owed under this section if the person's taxable commercial activity does not exceed \$1 million.

**SECTION 2.** ORS 317.061 is amended to read:

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

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

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

**SECTION 3.** ORS 317.090 is amended to read:

317.090. (1) As used in this section:

(a) "Oregon sales" means:

(A) If the corporation apportions income under ORS 314.650 to 314.665 for Oregon tax purposes, the total sales of the taxpayer in this state during the tax year, as determined for purposes of ORS 314.665;

(B) If the corporation does not apportion income for Oregon tax purposes, the total sales in this state that the taxpayer would have had, as determined for purposes of ORS 314.665, if the taxpayer were required to apportion income for Oregon tax purposes; or

(C) If the corporation apportions income using a method different from the method prescribed by ORS 314.650 to 314.665, Oregon sales as defined by the Department of Revenue by rule.

**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.

(b) If the corporation is an agricultural cooperative that is a cooperative organization described in section 1381 of the Internal Revenue Code, "Oregon sales" does not include sales representing business done with or for members of the agricultural cooperative.

(2) Each corporation or affiliated group of corporations filing a return under ORS 317.710 shall pay annually to the state, for the privilege of carrying on or doing business by it within this state, a minimum tax as follows:

(a) If Oregon sales properly reported on a return are:

(A) Less than \$500,000, the minimum tax is [\$150] \_\_\_\_\_.

(B) \$500,000 or more, but less than \$1 million, the minimum tax is [\$500] \_\_\_\_\_.

(C) \$1 million or more, but less than \$2 million, the minimum tax is [\$1,000] \_\_\_\_\_.

(D) \$2 million or more, but less than \$3 million, the minimum tax is [\$1,500] \_\_\_\_\_.

(E) \$3 million or more, but less than \$5 million, the minimum tax is [\$2,000] \_\_\_\_\_.

(F) \$5 million or more, but less than \$7 million, the minimum tax is [\$4,000] \_\_\_\_\_.

(G) \$7 million or more, but less than \$10 million, the minimum tax is [\$7,500] \_\_\_\_\_.

(H) \$10 million or more, but less than \$25 million, the minimum tax is [\$15,000] \_\_\_\_\_.

(I) \$25 million or more, but less than \$50 million, the minimum tax is [\$30,000] \_\_\_\_\_.

(J) \$50 million or more, but less than \$75 million, the minimum tax is [\$50,000] \_\_\_\_\_.

(K) \$75 million or more, but less than \$100 million, the minimum tax is [\$75,000] \_\_\_\_\_.

(L) \$100 million or more, the minimum tax is [\$100,000] \_\_\_\_\_.

(b) If a corporation is an S corporation, the minimum tax is [\$150] \_\_\_\_\_.

(3) The minimum tax is not apportionable (except in the case of a change of accounting periods), is payable in full for any part of the year during which a corporation is subject to tax and may not be reduced, paid or otherwise satisfied through the use of any tax credit.

**SECTION 4.** 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>
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<i>Not over \$2,000</i>	<i>4.75% of taxable income</i>
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<i>Over \$2,000 but not over \$5,000</i>	<i>\$95 plus 6.75% of the excess over \$2,000</i>
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<i>Over \$5,000 but not over \$125,000</i>	<i>\$298 plus 8.75% of the excess over \$5,000</i>
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Over \$125,000                      \$10,798 plus 9.9%  
    of the excess  
    over \$125,000

[ \_\_\_\_\_ ]

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

**Not over \$2,000                      \_\_\_\_\_ % of**  
    **taxable**  
    **income**

**Over \$2,000 but not**  
**over \$5,000                      \$\_\_\_\_\_ plus \_\_\_\_\_ %**  
    **of the excess**  
    **over \$2,000**

**Over \$5,000 but not**  
**over \$125,000                      \$\_\_\_\_\_ plus \_\_\_\_\_ %**  
    **of the excess**  
    **over \$5,000**

**Over \$125,000                      \$\_\_\_\_\_ plus \_\_\_\_\_ %**  
    **of the excess**  
    **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] 2026.

(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 5.** Section 6 of this 2026 Act is added to and made a part of ORS chapter 118.

**SECTION 6.** Notwithstanding ORS 118.010 (4), no tax is due under this chapter with respect to the estates of decedents who die on or after the January 1 following the operative date set forth in section 7 of this 2026 Act unless the value of the Oregon taxable estate exceeds \$13.99 million.

**SECTION 7.** Section 6 of this 2026 Act and the amendments to ORS 316.037, 317.061, 317.090 and 317A.125 by sections 1 to 4 of this 2026 Act become operative:

(1) On the January 1 that first follows the date on which a retail sales tax on goods and services is first collected statewide in Oregon, but in no event later than January 1, 2030; and

(2) Only if:

(a) A retail sales tax on goods and services imposed at a rate of at least three percent is enacted and has commenced collection statewide in Oregon on or before January 1, 2030; and

(b) The proceeds of the retail sales tax described in this section are designated to be used among all of the following purposes:

(A) For the use of the Oregon Criminal Justice Commission to fund local public safety grants for community corrections, courthouse safety, indigent defense, alternative response, deflection programs, and firefighter and police services.

(B) For wildfire suppression, landscape resilience, community risk reduction and suppression costs.

(C) To fund the Oregon Conservation Corps Program.

(D) To replace reductions in the Fund for Student Success established in ORS 327.001 that would result from the amendments to ORS 317A.125 by section 1 of this 2026 Act.

(E) To provide 40 additional annual instructional hours in kindergarten through grade 12 classrooms.

(F) To fund statewide economic development strategy, workforce development and methods for attracting jobs and business to Oregon.

(G) To provide for an increase in the earned income tax credit allowed under ORS 315.266.

(H) To fund the Employment Related Day Care subsidy program established under ORS 329A.500.

(I) To replace General Fund revenue that would be lost as a result of section 6 of this 2026 Act and amendments to ORS 316.037, 317.061, 317.090 and 317A.125 by sections 1 to 4 of this 2026 Act.

**SECTION 8.** On or before December 31 of each year, beginning with December 31 of the year during which the operative date specified in section 7 of this 2026 Act occurs, the De-

partment of Revenue shall:

(1) For tax years beginning on or after January 1 of the preceding year and ending before January 1 of the current year, and for estates of decedents dying on or after January 1 of the preceding year and before January 1 of the current year, estimate the decrease, if any, in the amount of revenue received by the department that would be attributable to section 6 of this 2026 Act and to the amendments to ORS 316.037, 317.061, 317.090 and 317A.125 by sections 1 to 4 of this 2026 Act; and

(2) Transfer an amount equal to the estimate required under subsection (1) of this section to the General Fund to be used for the purposes set forth in section 7 of this 2026 Act.

**SECTION 9.** (1) Section 6 of this 2026 Act applies to estates of decedents dying on or after the operative date specified in section 7 of this 2026 Act.

(2) The amendments to ORS 316.037, 317.061, 317.090 and 317A.125 by sections 1 to 4 of this 2026 Act apply to all tax years beginning on or after the operative date specified in section 7 of this 2026 Act.

**SECTION 10.** This 2026 Act takes effect on the 91st day after the date on which the 2026 regular session of the Eighty-third Legislative Assembly adjourns sine die.