

DRAFT

SUMMARY

Reduces personal income tax rates by modifying income tax brackets.
Applies to tax years beginning on or after January 1, 2016.
Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to revenue; creating new provisions; amending ORS 316.037; and
prescribing an effective date.

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 de-
termined 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>5% of</i>
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taxable

income

<i>Over \$2,000 but not</i>	
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<i>over \$5,000</i>	<i>\$100 plus 7%</i>
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of the excess

over \$2,000

1 *Over \$5,000 but not*

2 *over \$125,000* *\$310 plus 9%*

3 *of the excess*

4 *over \$5,000*

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6 *Over \$125,000* *\$11,110 plus 9.9%*

7 *of the excess*

8 *over \$125,000*

9 [_____]

10

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

12

13 **Not over \$20,000** **5% of**

14 **taxable**

15 **income**

16

17 **Over \$20,000 but not**

18 **over \$60,000** **\$1,000 plus 7%**

19 **of the excess**

20 **over \$20,000**

21

22 **Over \$60,000 but not**

23 **over \$125,000** **\$3,800 plus 9%**

24 **of the excess**

25 **over \$60,000**

26

27 **Over \$125,000** **\$9,650 plus 9.9%**

28 **of the excess**

29 **over \$125,000**

30

31 (b) For tax years beginning in each calendar year, the Department of

1 Revenue shall adopt a table that shall apply in lieu of the table contained
2 in paragraph (a) of this subsection, as follows:

3 (A) Except as provided in subparagraph (D) of this paragraph, the mini-
4 mum and maximum dollar amounts for each bracket for which a tax is im-
5 posed shall be increased by the cost-of-living adjustment for the calendar
6 year.

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

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

11 (D) The rate [*brackets*] **bracket** applicable to taxable income in excess of
12 \$125,000 may not be adjusted.

13 (c) For purposes of paragraph (b) of this subsection, the cost-of-living ad-
14 justment for any calendar year is the percentage (if any) by which the
15 monthly averaged U.S. City Average Consumer Price Index for the 12 con-
16 secutive months ending August 31 of the prior calendar year exceeds the
17 monthly averaged index for the second quarter of the calendar year [*1992*]
18 **2016**.

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

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

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

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

5 **SECTION 2. The amendments to ORS 316.037 by section 1 of this**
6 **2016 Act apply to tax years beginning on or after January 1, 2016.**

7 **SECTION 3. This 2016 Act takes effect on the 91st day after the date**
8 **on which the 2016 regular session of the Seventy-eighth Legislative**
9 **Assembly adjourns sine die.**

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