House Bill 2242

Sponsored by Representative DAVIS; Representative CLEM (Presession 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.**

Establishes personal income tax credit of $250 per dependent child. Limits availability of credit based on federal adjusted gross income.

Applies to tax years beginning on or after January 1, 2015.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to a tax credit for dependent children; creating new provisions; amending ORS 316.085; and prescribing an effective date.

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

SECTION 1. Section 2 of this 2015 Act is added to and made a part of ORS chapter 316.

SECTION 2. (1) A taxpayer shall be allowed a credit, in the amount of $250 per dependent, against the taxes otherwise due under this chapter for each dependent of the taxpayer who:

(a) Is a qualifying child, as defined in section 152 of the Internal Revenue Code; and

(b) Is claimed by the taxpayer on the taxpayer's federal tax return.

(2) Notwithstanding subsection (1) of this section, a taxpayer may not claim the credit otherwise allowed under this section if the taxpayer's federal adjusted gross income for the tax year exceeds $100,000 for joint return filers, a surviving spouse or a head of household, or $50,000 for an individual who is not a married individual and is not a surviving spouse, or is a married individual who files a separate return.

SECTION 3. ORS 316.085 is amended to read:

316.085. (1)(a) There shall be allowed a personal exemption credit against taxes otherwise due under this chapter. The credit shall equal [*$90 multiplied by*] the number of personal exemptions allowed under section 151 of the Internal Revenue Code **less the number of dependents for whom a credit is allowed under section 2 of this 2015 Act, multiplied by $90**.

(b) In the case of an individual with respect to whom a credit under paragraph (a) of this subsection is allowable to another taxpayer for a taxable year beginning in the calendar year in which the individual's taxable year begins, the credit amount applicable to such individual for such individual's taxable year is zero.

(2)(a) A nonresident shall be allowed the credit provided under subsection (1) of this section computed in the same manner and subject to the same limitations as the credit allowed to a resident of this state. However, the credit shall be prorated using the proportion provided in ORS 316.117.

(b) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or if the Department of Revenue terminates the taxpayer's taxable year under ORS 314.440, the credit allowed by this section shall be prorated or computed in a manner consistent with ORS 314.085.

(c) If a change in the status of a taxpayer from resident to nonresident or from nonresident to

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.

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resident occurs, the credit allowed by this section shall be determined in a manner consistent with ORS 316.117.

(3) The Department of Revenue shall recompute the dollar amount of the personal exemption credit allowed for state personal income tax purposes. The computation shall be as follows:

(a) Divide the monthly averaged U.S. City Average Consumer Price Index for the 12 consecutive months ending August 31 of the prior calendar year by the monthly averaged index for the first six months of 1986.

(b) Recompute the dollar amount of the personal exemption credit by multiplying $90 by the appropriate indexing factor determined as provided in paragraph (a) of this subsection. Round off the amount obtained under this paragraph to the nearest $1.

(4) As used in this section, "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.

(5) Notwithstanding subsections (1) to (3) of this section, a taxpayer may not claim the personal exemption credit otherwise allowed under this section if the taxpayer's federal adjusted gross income for the tax year exceeds $200,000 for joint return filers, a surviving spouse or a head of household, or $100,000 for an individual who is not a married individual and is not a surviving spouse, or is a married individual who files a separate return.

<u>SECTION 4.</u> Section 2 of this 2015 Act and the amendments to ORS 316.085 by section 3 of this 2015 Act apply to tax years beginning on or after January 1, 2015.

<u>SECTION 5.</u> This 2015 Act takes effect on the 91st day after the date on which the 2015 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.
