

House Bill 2154

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue)

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**.

Limits itemized deductions allowed for purposes of personal income taxation if taxpayer's adjusted gross income exceeds threshold amount. Allows deduction for unreimbursed employee business expenses.

Applies to tax years beginning on or after January 1, 2019, and before January 1, 2026.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to personal income taxation; creating new provisions; amending ORS 316.695; and pre-
3 scribing an effective date.

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

5 **SECTION 1. Section 2 of this 2019 Act is added to and made a part of ORS chapter 316.**

6 **SECTION 2. There shall be subtracted from taxable income the amount of substantiated**
7 **business expenses, if unreimbursed by the taxpayer's employer, as allowed under section 162**
8 **of the Internal Revenue Code, as amended and in effect on December 31, 2017, and as appli-**
9 **cable to tax years beginning on or after January 1, 2017, and before January 1, 2018.**

10 **SECTION 3. ORS 316.695 is amended to read:**

11 316.695. (1) In addition to the modifications to federal taxable income contained in this chapter,
12 there shall be added to or subtracted from federal taxable income:

13 (a) If, in computing federal income tax for a tax year, the taxpayer deducted itemized deductions,
14 as defined in section 63(d) of the Internal Revenue Code, the taxpayer shall add the amount of
15 itemized deductions deducted (the itemized deductions less an amount, if any, by which the itemized
16 deductions are reduced under section 68 of the Internal Revenue Code).

17 (b) If, in computing federal income tax for a tax year, the taxpayer deducted the standard de-
18 duction, as defined in section 63(c) of the Internal Revenue Code, the taxpayer shall add the amount
19 of the standard deduction deducted.

20 (c)(A) From federal taxable income there shall be subtracted the larger of (i) the taxpayer's
21 itemized deductions or (ii) a standard deduction. Except as provided in subsection (8) of this section,
22 for purposes of this subparagraph, "standard deduction" means the sum of the basic standard de-
23 duction and the additional standard deduction.

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

25 (i) \$3,280, in the case of joint return filers or a surviving spouse;

26 (ii) \$1,640, in the case of an individual who is not a married individual and is not a surviving
27 spouse;

28 (iii) \$1,640, in the case of a married individual who files a separate return; or

29 (iv) \$2,640, in the case of a head of household.

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.

1 (C)(i) For purposes of subparagraph (A) of this paragraph for tax years beginning on or after
2 January 1, 2003, the Department of Revenue shall annually recompute the basic standard deduction
3 for each category of return filer listed under subparagraph (B) of this paragraph. The basic standard
4 deduction shall be computed by dividing the monthly averaged U.S. City Average Consumer Price
5 Index for the 12 consecutive months ending August 31 of the prior calendar year by the average
6 U.S. City Average Consumer Price Index for the second quarter of 2002, then multiplying that quo-
7 tient by the amount listed under subparagraph (B) of this paragraph for each category of return
8 filer.

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

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

14 (D) For purposes of subparagraph (A) of this paragraph, the additional standard deduction is the
15 sum of each additional amount to which the taxpayer is entitled under subsection (7) of this section.

16 (E) As used in subparagraph (B) of this paragraph, "surviving spouse" and "head of household"
17 have the meanings given those terms in section 2 of the Internal Revenue Code.

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

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

22 (ii) A nonresident alien individual;

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

25 (iv) An estate or trust;

26 (v) A common trust fund; or

27 (vi) A partnership.

28 (d) For the purposes of paragraph (c)(A) of this subsection, the taxpayer's itemized deductions
29 are the amount of the taxpayer's itemized deductions as defined in section 63(d) of the Internal Re-
30 venue Code (reduced, if applicable, as described under section 68 of the Internal Revenue Code, **as**
31 **amended and in effect on December 31, 2017, and as applicable to tax years beginning on or**
32 **after January 1, 2017, and before January 1, 2018**) minus the deduction for Oregon income tax
33 [*reduced, if applicable, by the proportion that the reduction in federal itemized deductions resulting*
34 *from section 68 of the Internal Revenue Code bears to the amount of federal itemized deductions as*
35 *defined for purposes of section 68 of the Internal Revenue Code)].*

36 (2)(a) There shall be subtracted from federal taxable income any portion of the distribution of
37 a pension, profit-sharing, stock bonus or other retirement plan, representing that portion of contri-
38 butions which were taxed by the State of Oregon but not taxed by the federal government under
39 laws in effect for tax years beginning prior to January 1, 1969, or for any subsequent year in which
40 the amount that was contributed to the plan under the Internal Revenue Code was greater than the
41 amount allowed under this chapter.

42 (b) Interest or other earnings on any excess contributions of a pension, profit-sharing, stock
43 bonus or other retirement plan not permitted to be deducted under paragraph (a) of this subsection
44 may not be added to federal taxable income in the year earned by the plan and may not be sub-
45 tracted from federal taxable income in the year received by the taxpayer.

1 (3)(a) Except as provided in subsection (4) of this section, there shall be added to federal taxable
2 income the amount of any federal income taxes in excess of the amount provided in paragraphs (b)
3 to (d) of this subsection, accrued by the taxpayer during the tax year as described in ORS 316.685,
4 less the amount of any refund of federal taxes previously accrued for which a tax benefit was re-
5 ceived.

6 (b) The limits applicable to this subsection are:

7 (A) \$5,500, if the federal adjusted gross income of the taxpayer for the tax year is less than
8 \$125,000, or, if reported on a joint return, less than \$250,000.

9 (B) \$4,400, if the federal adjusted gross income of the taxpayer for the tax year is \$125,000 or
10 more and less than \$130,000, or, if reported on a joint return, \$250,000 or more and less than
11 \$260,000.

12 (C) \$3,300, if the federal adjusted gross income of the taxpayer for the tax year is \$130,000 or
13 more and less than \$135,000, or, if reported on a joint return, \$260,000 or more and less than
14 \$270,000.

15 (D) \$2,200, if the federal adjusted gross income of the taxpayer for the tax year is \$135,000 or
16 more and less than \$140,000, or, if reported on a joint return, \$270,000 or more and less than
17 \$280,000.

18 (E) \$1,100, if the federal adjusted gross income of the taxpayer for the tax year is \$140,000 or
19 more and less than \$145,000, or, if reported on a joint return, \$280,000 or more and less than
20 \$290,000.

21 (c) If the federal adjusted gross income of the taxpayer is \$145,000 or more for the tax year, or,
22 if reported on a joint return, \$290,000 or more, the limit is zero and the taxpayer is not allowed a
23 subtraction for federal income taxes under ORS 316.680 (1) for the tax year.

24 (d) In the case of spouses in a marriage filing separate tax returns, the amount added shall be
25 in the amount of any federal income taxes in excess of 50 percent of the amount provided for indi-
26 vidual taxpayers under paragraphs (a) to (c) of this subsection, less the amount of any refund of
27 federal taxes previously accrued for which a tax benefit was received.

28 (e) For purposes of this subsection, the limits applicable to a joint return shall apply to a head
29 of household or a surviving spouse, as defined in section 2(a) and (b) of the Internal Revenue Code.

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

33 (B) The cost-of-living adjustment for a calendar year is the percentage by which the monthly
34 averaged U.S. City Average Consumer Price Index for the 12 consecutive months ending August 31
35 of the prior calendar year exceeds the monthly averaged index for the period beginning September
36 1, 2005, and ending August 31, 2006.

37 (C) As used in this paragraph, "U.S. City Average Consumer Price Index" means the U.S. City
38 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of
39 Labor Statistics of the United States Department of Labor.

40 (D) If any adjustment determined under subparagraph (B) of this paragraph is not a multiple of
41 \$50, the adjustment shall be rounded to the next lower multiple of \$50.

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

44 (4)(a) In addition to the adjustments required by ORS 316.130, a full-year nonresident individual
45 shall add to taxable income a proportion of any accrued federal income taxes as computed under

1 ORS 316.685 in excess of the amount provided in subsection (3) of this section in the proportion
2 provided in ORS 316.117.

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

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

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

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

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

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

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

25 (A) For the taxpayer if the taxpayer has attained age 65 before the close of the taxpayer's tax
26 year; and

27 (B) For the spouse of the taxpayer if the spouse has attained age 65 before the close of the tax
28 year and an additional exemption is allowable to the taxpayer for such spouse for federal income
29 tax purposes under section 151(b) of the Internal Revenue Code.

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

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

33 (B) For the spouse of the taxpayer if the spouse is blind as of the close of the tax year and an
34 additional exemption is allowable to the taxpayer for such spouse for federal income tax purposes
35 under section 151(b) of the Internal Revenue Code. For purposes of this subparagraph, if the spouse
36 dies during the tax year, the determination of whether such spouse is blind shall be made imme-
37 diately prior to death.

38 (c) In the case of an individual who is not married and is not a surviving spouse, paragraphs (a)
39 and (b) of this subsection shall be applied by substituting "\$1,200" for "\$1,000."

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

44 (8) In the case of an individual with respect to whom a deduction under section 151 of the
45 Internal Revenue Code is allowable for federal income tax purposes to another taxpayer for a tax

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

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

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

7 **SECTION 4.** ORS 316.695, as amended by section 3 of this 2019 Act, is amended to read:

8 316.695. (1) In addition to the modifications to federal taxable income contained in this chapter,
 9 there shall be added to or subtracted from federal taxable income:

10 (a) If, in computing federal income tax for a tax year, the taxpayer deducted itemized deductions,
 11 as defined in section 63(d) of the Internal Revenue Code, the taxpayer shall add the amount of
 12 itemized deductions deducted (the itemized deductions less an amount, if any, by which the itemized
 13 deductions are reduced under section 68 of the Internal Revenue Code).

14 (b) If, in computing federal income tax for a tax year, the taxpayer deducted the standard de-
 15 duction, as defined in section 63(c) of the Internal Revenue Code, the taxpayer shall add the amount
 16 of the standard deduction deducted.

17 (c)(A) From federal taxable income there shall be subtracted the larger of (i) the taxpayer's
 18 itemized deductions or (ii) a standard deduction. Except as provided in subsection (8) of this section,
 19 for purposes of this subparagraph, "standard deduction" means the sum of the basic standard de-
 20 duction and the additional standard deduction.

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

22 (i) \$3,280, in the case of joint return filers or a surviving spouse;

23 (ii) \$1,640, in the case of an individual who is not a married individual and is not a surviving
 24 spouse;

25 (iii) \$1,640, in the case of a married individual who files a separate return; or

26 (iv) \$2,640, in the case of a head of household.

27 (C)(i) For purposes of subparagraph (A) of this paragraph for tax years beginning on or after
 28 January 1, 2003, the Department of Revenue shall annually recompute the basic standard deduction
 29 for each category of return filer listed under subparagraph (B) of this paragraph. The basic standard
 30 deduction shall be computed by dividing the monthly averaged U.S. City Average Consumer Price
 31 Index for the 12 consecutive months ending August 31 of the prior calendar year by the average
 32 U.S. City Average Consumer Price Index for the second quarter of 2002, then multiplying that quo-
 33 tient by the amount listed under subparagraph (B) of this paragraph for each category of return
 34 filer.

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

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

40 (D) For purposes of subparagraph (A) of this paragraph, the additional standard deduction is the
 41 sum of each additional amount to which the taxpayer is entitled under subsection (7) of this section.

42 (E) As used in subparagraph (B) of this paragraph, "surviving spouse" and "head of household"
 43 have the meanings given those terms in section 2 of the Internal Revenue Code.

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

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

3 (ii) A nonresident alien individual;

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

6 (iv) An estate or trust;

7 (v) A common trust fund; or

8 (vi) A partnership.

9 (d) For the purposes of paragraph (c)(A) of this subsection, the taxpayer's itemized deductions
10 are the amount of the taxpayer's itemized deductions as defined in section 63(d) of the Internal Re-
11 venue Code (reduced, if applicable, as described under section 68 of the Internal Revenue Code[*as*
12 *amended and in effect on December 31, 2017, and as applicable to tax years beginning on or after*
13 *January 1, 2017, and before January 1, 2018*]) minus the deduction for Oregon income tax (**reduced,**
14 **if applicable, by the proportion that the reduction in federal itemized deductions resulting**
15 **from section 68 of the Internal Revenue Code bears to the amount of federal itemized de-**
16 **ductions as defined for purposes of section 68 of the Internal Revenue Code).**

17 (2)(a) There shall be subtracted from federal taxable income any portion of the distribution of
18 a pension, profit-sharing, stock bonus or other retirement plan, representing that portion of contri-
19 butions which were taxed by the State of Oregon but not taxed by the federal government under
20 laws in effect for tax years beginning prior to January 1, 1969, or for any subsequent year in which
21 the amount that was contributed to the plan under the Internal Revenue Code was greater than the
22 amount allowed under this chapter.

23 (b) Interest or other earnings on any excess contributions of a pension, profit-sharing, stock
24 bonus or other retirement plan not permitted to be deducted under paragraph (a) of this subsection
25 may not be added to federal taxable income in the year earned by the plan and may not be sub-
26 tracted from federal taxable income in the year received by the taxpayer.

27 (3)(a) Except as provided in subsection (4) of this section, there shall be added to federal taxable
28 income the amount of any federal income taxes in excess of the amount provided in paragraphs (b)
29 to (d) of this subsection, accrued by the taxpayer during the tax year as described in ORS 316.685,
30 less the amount of any refund of federal taxes previously accrued for which a tax benefit was re-
31 ceived.

32 (b) The limits applicable to this subsection are:

33 (A) \$5,500, if the federal adjusted gross income of the taxpayer for the tax year is less than
34 \$125,000, or, if reported on a joint return, less than \$250,000.

35 (B) \$4,400, if the federal adjusted gross income of the taxpayer for the tax year is \$125,000 or
36 more and less than \$130,000, or, if reported on a joint return, \$250,000 or more and less than
37 \$260,000.

38 (C) \$3,300, if the federal adjusted gross income of the taxpayer for the tax year is \$130,000 or
39 more and less than \$135,000, or, if reported on a joint return, \$260,000 or more and less than
40 \$270,000.

41 (D) \$2,200, if the federal adjusted gross income of the taxpayer for the tax year is \$135,000 or
42 more and less than \$140,000, or, if reported on a joint return, \$270,000 or more and less than
43 \$280,000.

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

1 \$290,000.

2 (c) If the federal adjusted gross income of the taxpayer is \$145,000 or more for the tax year, or,
3 if reported on a joint return, \$290,000 or more, the limit is zero and the taxpayer is not allowed a
4 subtraction for federal income taxes under ORS 316.680 (1) for the tax year.

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

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

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

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

18 (C) As used in this paragraph, "U.S. City Average Consumer Price Index" means the U.S. City
19 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of
20 Labor Statistics of the United States Department of Labor.

21 (D) If any adjustment determined under subparagraph (B) of this paragraph is not a multiple of
22 \$50, the adjustment shall be rounded to the next lower multiple of \$50.

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

25 (4)(a) In addition to the adjustments required by ORS 316.130, a full-year nonresident individual
26 shall add to taxable income a proportion of any accrued federal income taxes as computed under
27 ORS 316.685 in excess of the amount provided in subsection (3) of this section in the proportion
28 provided in ORS 316.117.

29 (b) In the case of spouses in a marriage filing separate tax returns, the amount added under this
30 subsection shall be computed in a manner consistent with the computation of the amount to be
31 added in the case of spouses in a marriage filing separate returns under subsection (3) of this sec-
32 tion. The method of computation shall be determined by the Department of Revenue by rule.

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

35 (6)(a) For tax years beginning on or after January 1, 1981, and prior to January 1, 1983, income
36 or loss taken into account in determining federal taxable income by a shareholder of an S corpo-
37 ration pursuant to sections 1373 to 1375 of the Internal Revenue Code shall be adjusted for purposes
38 of determining Oregon taxable income, to the extent that as income or loss of the S corporation,
39 they were required to be adjusted under the provisions of ORS chapter 317.

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

45 (c) The tax years referred to in paragraphs (a) and (b) of this subsection are those of the S

1 corporation.

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

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

6 (A) For the taxpayer if the taxpayer has attained age 65 before the close of the taxpayer's tax
7 year; and

8 (B) For the spouse of the taxpayer if the spouse has attained age 65 before the close of the tax
9 year and an additional exemption is allowable to the taxpayer for such spouse for federal income
10 tax purposes under section 151(b) of the Internal Revenue Code.

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

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

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

19 (c) In the case of an individual who is not married and is not a surviving spouse, paragraphs (a)
20 and (b) of this subsection shall be applied by substituting "\$1,200" for "\$1,000."

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

25 (8) In the case of an individual with respect to whom a deduction under section 151 of the
26 Internal Revenue Code is allowable for federal income tax purposes to another taxpayer for a tax
27 year beginning in the calendar year in which the individual's tax year begins, the basic standard
28 deduction (referred to in subsection (1)(c)(B) of this section) applicable to such individual for such
29 individual's tax year shall equal the lesser of:

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

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

33 **SECTION 5. (1) Section 2 of this 2019 Act and the amendments to ORS 316.695 by section**
34 **3 of this 2019 Act apply to tax years beginning on or after January 1, 2019, and before Janu-**
35 **ary 1, 2026.**

36 **(2) The amendments to ORS 316.695 by section 4 of this 2019 Act apply to tax years be-**
37 **ginning on or after January 1, 2026.**

38 **SECTION 6. This 2019 Act takes effect on the 91st day after the date on which the 2019**
39 **regular session of the Eightieth Legislative Assembly adjourns sine die.**

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