

# House Bill 2194

Sponsored by Representative WILDE (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**.

Requires Higher Education Coordinating Commission to provide grants to qualified public safety and healthcare employees to attend community colleges, public universities, or Oregon Health and Science University.

Establishes Public Safety and Healthcare Personnel Scholarship Fund for purpose of funding grants.

Limits, for purposes of personal income taxation, availability of itemized deductions. Directs Department of Revenue to make annual transfer of amount equal to estimated increase in revenue attributable to restrictions on itemized deductions allowed personal income taxpayers to fund.

Applies to tax years beginning on or after January 1, 2022.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to tuition assistance at public institutions of higher education; creating new provisions;  
3 amending ORS 316.695; and prescribing an effective date.

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

5 **SECTION 1. Section 2 of this 2021 Act is added to and made a part of ORS chapter 348.**

6 **SECTION 2. (1) As used in this section:**

7 (a) **"Community college" means a community college operated under ORS chapter 341.**

8 (b) **"Community service officer" means an individual employed by a public body, as de-**  
9 **defined in ORS 174.109, to perform work that is related to law enforcement but that does not**  
10 **require the enforcement authority of a police officer.**

11 (c) **"Good standing" means the qualified student has a cumulative grade point average**  
12 **of 2.0 or higher at the post-secondary institution at which the student is enrolled.**

13 (d) **"Public safety or healthcare employee" means an individual who receives compen-**  
14 **sation for performing duties as:**

15 (A) **A police officer;**

16 (B) **A community service officer;**

17 (C) **An emergency medical services provider; or**

18 (D) **A clinical services employee at a federally qualified health center.**

19 (e) **"Qualified student" means a student who:**

20 (A) **Has not achieved a baccalaureate or higher degree from any post-secondary institu-**  
21 **tion;**

22 (B) **Is enrolled and in good standing in:**

23 (i) **An associate degree granting program at a community college;**

24 (ii) **An undergraduate baccalaureate degree granting program at a public university listed**  
25 **in ORS 352.002; or**

26 (iii) **An undergraduate baccalaureate degree granting program at Oregon Health and**  
27 **Science University;**

**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) Is a full-time or part-time public safety or healthcare employee;

2 (D) Has completed and submitted the Free Application for Federal Student Aid for each  
3 academic year, if eligible to file the application; and

4 (E) Has accepted all state and federal aid grants available to the student.

5 (2) Except as limited in subsection (3) of this section, a qualified student shall receive a  
6 grant under this section in an amount that equals, after the amount of resident tuition is  
7 reduced by any amounts received by the qualified student in state and federal aid grants:

8 (a) The resident tuition charges at the community college at which the qualified student  
9 is enrolled;

10 (b) The resident tuition charges at the public university listed in ORS 352.002 at which  
11 the qualified student is enrolled; or

12 (c) The resident tuition charges at Oregon Health and Science University if the qualified  
13 student is enrolled at Oregon Health and Science University.

14 (3)(a) Except as provided in paragraph (b) of this subsection, grants provided under this  
15 section shall be awarded to a qualified student for up to an annual total of:

16 (A) 90 credit hours, if the institution the qualified student is attending operates on a  
17 quarter system; or

18 (B) 60 credit hours, if the institution the qualified student is attending operates on a se-  
19 mester system.

20 (b) The total maximum grant a qualified student may be awarded under this section is:

21 (A) 180 credit hours, if the institution the qualified student is attending operates on a  
22 quarter system; or

23 (B) 120 credit hours, if the institution the qualified student is attending operates on a  
24 semester system.

25 (4) The Higher Education Coordinating Commission shall adopt any rules necessary for  
26 the administration of this section, including but not limited to any requirements related to:

27 (a) Specifying the form and timelines for submitting an application for a grant under this  
28 section;

29 (b) Determining whether a person is eligible for a grant under this section;

30 (c) Prescribing grant calculations for qualified students dually enrolled at a community  
31 college, a public university listed in ORS 352.002 or Oregon Health and Science University;  
32 and

33 (d) Determining the dollar amount of a grant for a qualified student whose remaining  
34 eligible credit hours under subsection (3)(b) of this section are insufficient to constitute  
35 full-time resident tuition costs for an entire quarter or semester.

36 SECTION 3. Section 2 of this 2021 Act first applies to grants awarded for the 2022-2023  
37 academic year.

38 SECTION 4. (1) The Public Safety and Healthcare Personnel Scholarship Fund is estab-  
39 lished in the State Treasury, separate and distinct from the General Fund. Interest earned  
40 on the moneys in the Public Safety and Healthcare Personnel Scholarship Fund must be de-  
41 posited in the fund. The Public Safety and Healthcare Personnel Scholarship Fund consists  
42 of moneys deposited in the fund under section 6 of this 2021 Act and may include other in-  
43 come deposited into the fund by the Legislative Assembly.

44 (2) Moneys in the fund are continuously appropriated to the Higher Education Coordi-  
45 nating Commission for the providing grants in the manner described in section 2 of this 2021

1 **Act.**

2 **SECTION 5.** ORS 316.695 is amended to read:

3 316.695. (1) In addition to the modifications to federal taxable income contained in this chapter,  
4 there shall be added to or subtracted from federal taxable income:

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

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

12 (c)(A) From federal taxable income there shall be subtracted the larger of (i) the taxpayer's  
13 itemized deductions, **reduced as provided in paragraph (d) of this subsection**, or (ii) a standard  
14 deduction. Except as provided in subsection (8) of this section, for purposes of this subparagraph,  
15 "standard deduction" means the sum of the basic standard deduction and the additional standard  
16 deduction.

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

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

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

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

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

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

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

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

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

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

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

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

44 (ii) A nonresident alien individual;

45 (iii) An individual making a return for a period of less than 12 months on account of a change

1 in the individual's annual accounting period;

2 (iv) An estate or trust;

3 (v) A common trust fund; or

4 (vi) A partnership.

5 (d) For the purposes of paragraph (c)(A) of this subsection, the taxpayer's itemized deductions  
6 are the amount of the taxpayer's itemized deductions as defined in section 63(d) of the Internal Re-  
7 venue Code (reduced, if applicable, as described under section 68 of the Internal Revenue Code)  
8 minus the deduction for Oregon income tax (reduced, if applicable, by the proportion that the re-  
9 duction in federal itemized deductions resulting from section 68 of the Internal Revenue Code bears  
10 to the amount of federal itemized deductions as defined for purposes of section 68 of the Internal  
11 Revenue Code), **but may not exceed \$50,000.**

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

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

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

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

28 (A) \$5,500, if the federal adjusted gross income of the taxpayer for the tax year is less than  
29 \$125,000, or, if reported on a joint return, less than \$250,000.

30 (B) \$4,400, if the federal adjusted gross income of the taxpayer for the tax year is \$125,000 or  
31 more and less than \$130,000, or, if reported on a joint return, \$250,000 or more and less than  
32 \$260,000.

33 (C) \$3,300, if the federal adjusted gross income of the taxpayer for the tax year is \$130,000 or  
34 more and less than \$135,000, or, if reported on a joint return, \$260,000 or more and less than  
35 \$270,000.

36 (D) \$2,200, if the federal adjusted gross income of the taxpayer for the tax year is \$135,000 or  
37 more and less than \$140,000, or, if reported on a joint return, \$270,000 or more and less than  
38 \$280,000.

39 (E) \$1,100, if the federal adjusted gross income of the taxpayer for the tax year is \$140,000 or  
40 more and less than \$145,000, or, if reported on a joint return, \$280,000 or more and less than  
41 \$290,000.

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

45 (d) In the case of spouses in a marriage filing separate tax returns, the amount added shall be

1 in the amount of any federal income taxes in excess of 50 percent of the amount provided for indi-  
2 vidual taxpayers under paragraphs (a) to (c) of this subsection, less the amount of any refund of  
3 federal taxes previously accrued for which a tax benefit was received.

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

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

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

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

16 (D) If any adjustment determined under subparagraph (B) of this paragraph is not a multiple of  
17 \$50, the adjustment shall be rounded to the next lower multiple of \$50.

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

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

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

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

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

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

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

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

44 (7)(a) **Except as otherwise provided in subsection (1)(c)(A) of this section,** the taxpayer  
45 shall be entitled to an additional amount, as referred to in subsection (1)(c)(A) and (D) of this sec-

1 tion, of \$1,000:

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

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

7 (b) **Except as otherwise provided in subsection (1)(c)(A) of this section**, the taxpayer shall  
8 be entitled to an additional amount, as referred to in subsection (1)(c)(A) and (D) of this section, of  
9 \$1,000:

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

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

16 (c) **Except as otherwise provided in subsection (1)(c)(A) of this section**, in the case of an  
17 individual who is not married and is not a surviving spouse, paragraphs (a) and (b) of this subsection  
18 shall be applied by substituting "\$1,200" for "\$1,000."

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

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

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

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

31 **SECTION 6. On or before July 1 of each year, beginning with July 1, 2023, the Department**  
32 **of Revenue shall:**

33 (1) **For the tax year beginning on or after January 1 of the preceding calendar year and**  
34 **ending before January 1 of the current calendar year, estimate the increase, if any, in the**  
35 **amount of personal income tax revenue received by the department that is attributable to**  
36 **the \$50,000 limitation set in ORS 316.695 (1)(d); and**

37 (2) **Transfer an amount equal to the estimate required under subsection (1) of this sec-**  
38 **tion to the Public Safety and Healthcare Personnel Scholarship Fund established under sec-**  
39 **tion 4 of this 2021 Act, to be used to provide grants for tuition in the manner set forth in**  
40 **section 2 of this 2021 Act.**

41 **SECTION 7. The amendments to ORS 316.695 by section 5 of this 2021 Act apply to tax**  
42 **years beginning on or after January 1, 2022.**

43 **SECTION 8. This 2021 Act takes effect on the 91st day after the date on which the 2021**  
44 **regular session of the Eighty-first Legislative Assembly adjourns sine die.**