

HB 2083 STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Chris Allanach, Legislative Revenue Officer

Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/4, 3/27

WHAT THE MEASURE DOES:

Requires the Legislative Revenue Officer to study the potential use and value of aligning the current inflation statutes into a single, uniform statute. Requires the officer to submit a report of findings to the revenue committees by September 15, 2026.

ISSUES DISCUSSED:

- How inflation adjustment calculations are written in Oregon law
- Aspects of tax law that are or are not indexed to inflation

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

There are several Oregon statutes that provide for an inflation adjustment calculation. Examples within the tax statutes include annual adjustment calculations for personal income tax brackets, the personal exemption credit, and the standard deduction. Two specific examples are provided below.

ORS 316.085 Personal Exemption Credit

(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.

ORS 308.149 Definitions for ORS 308.149 to 308.166 (property tax, special determination of value)

(5)(a) "Minor construction" means additions of real property improvements, the real market value of which does not exceed \$18,200 in any assessment year or \$45,000 for cumulative additions made over five assessment years.

(b) For each assessment year beginning on or after January 1, 2025, the Department of Revenue shall adjust the dollar amounts in paragraph (a) of this subsection by the percentage increase, if any, in the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor, since the assessment year beginning on January 1, 2024.