

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
83rd Oregon Legislative Assembly
2025 Regular Session
Legislative Revenue Office

Bill Number: HB 3409 - MRB
Revenue Area: Personal Income Tax
Economist: Kyle Easton
Date: 5/28/2025

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Increases and expands Oregon's medical income tax subtraction for taxpayers aged 66 and older. Increases the maximum allowable per qualifying individual subtraction amounts and income qualification limits (see table). Beginning tax year 2026, indexes to inflation the respective adjusted gross income (AGI) thresholds and maximum subtraction amounts. Applies to tax years beginning on or after January 1, 2025.

	Current Law		HB 3409 MRB	
Filing Status	AGI	Max. Subt.	AGI	Max. Subt.
Single	< \$25K	\$1,800	< \$39K	\$2,800
	\$25K – \$50K	\$1,400	\$39K – \$77K	\$2,200
	\$50K – 100K	\$1,000	\$77K – \$154K	\$1,600
	Above \$100K	\$0	Above \$154K	\$0
Joint	< \$50K	\$1,800	< \$77K	\$2,800
	\$50K – \$100K	\$1,400	\$77K – \$154K	\$2,200
	\$100K – \$200K	\$1,000	\$154K – \$308K	\$1,600
	Above \$200K	\$0	Above \$308K	\$0

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2025-26	2026-27	2025-27	2027-29	2029-31
General Fund	-\$15.6	-\$17.3	-\$32.9	-\$39.0	-\$44.6

Impact Explanation:

Increasing the subtraction limits and expanding AGI qualification will increase the value of the tax subtraction for qualifying taxpayers with sufficient medical costs and will increase the number of relatively higher income elderly taxpayers qualifying for the subtraction. Growth in revenue loss is due to expected underlying demographic changes and the inflation indexing of the subtraction limits and AGI qualification thresholds. Estimate was made through an analysis of historical tax data and expectations of demographic and inflationary changes.

Creates, Extends, or Expands Tax Expenditure: Yes ☒ No ☐

The policy purpose of this measure is to reduce income taxes for elderly taxpayers with medical costs.