

Senate Bill 694

Sponsored by Senator REYNOLDS, Representatives GRAYBER, NERON, VALDERRAMA; Senator GELSER BLOUIN, Representative NELSON (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**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act increases the amount and income limits of the child tax credit. (Flesch Readability Score: 69.9).

Modifies the child tax credit by increasing the maximum amount of the credit and increasing income limits.

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

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to children; creating new provisions; amending ORS 315.273; and prescribing an effective
3 date.

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

5 **SECTION 1.** ORS 315.273 is amended to read:

6 315.273. (1) As used in this section:

7 (a) "Dependent" means an individual who is under the age of six years at the close of the tax
8 year and who is a dependent of a taxpayer as described in section 152(a) of the Internal Revenue
9 Code, determined without regard to section 152(b)(3) of the Internal Revenue Code.

10 (b) "Qualifying child" has the meaning given that term in section 152(c) of the Internal Revenue
11 Code.

12 (c) "Qualifying income limit" means:

13 (A) For a taxpayer other than a taxpayer described in subparagraph (B) of this paragraph, ad-
14 justed gross income, as defined in section 62 of the Internal Revenue Code, as modified using Oregon
15 subtractions and additions, but with losses of a taxpayer added back, to the extent that those losses
16 exceed \$20,000; or

17 (B) For a nonresident or part-year resident, the greater of the amount determined under sub-
18 paragraph (A) of this paragraph, or adjusted gross income, as defined in section 62 of the Internal
19 Revenue Code.

20 (2) A taxpayer shall be allowed a credit against the tax otherwise due under ORS chapter 316
21 for the tax year, with an amount allowed for each dependent of the taxpayer who is a qualifying
22 child with respect to the taxpayer, not to exceed five properly claimed dependents per tax return.
23 The credit shall be allowed as provided in subsections (3) and (4) of this section. A taxpayer may
24 claim a credit under this section using an individual taxpayer identification number and may claim
25 it for dependents using individual taxpayer identification numbers.

26 (3) The credit under this section:

27 (a) Shall be in an amount of [*\$1,000*] **\$1,200** per dependent of the taxpayer, but, if the taxpayer
28 has a qualifying income limit in excess of [*\$25,000*] **\$35,000**, regardless of the type of income tax

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 return filed by the taxpayer, the total amount of the credit shall be reduced as provided in sub-
2 section (4) of this section.

3 (b) May not be claimed if the percentage calculated in subsection (4) of this section is greater
4 than or equal to 100 percent.

5 (c) May not be claimed by a married taxpayer who files a separate return.

6 (4) If a reduction under subsection (3) of this section is required, the amount by which the credit
7 shall be reduced is computed by multiplying the amount otherwise available under subsection (3) of
8 this section by a percentage. The percentage is computed by dividing, by [5,000] **10,000**, the amount
9 by which the taxpayer's qualifying income limit exceeds [\$25,000] **\$35,000**.

10 (5)(a) For tax years beginning in each calendar year, the Department of Revenue shall adjust the
11 dollar amounts of the credit and of the income threshold set forth in subsections (3) and (4) of this
12 section by multiplying each dollar amount by the cost-of-living adjustment for the calendar year.

13 (b) For purposes of paragraph (a) of this subsection, the cost-of-living adjustment for any calen-
14 dar year is the percentage (if any) by which the monthly averaged U.S. City Average Consumer
15 Price Index for the 12 consecutive months ending August 31 of the prior calendar year exceeds the
16 monthly averaged index for the second quarter of the calendar year [2022] **2024**.

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

20 (d) If any increase determined under paragraph (a) of this subsection is not a multiple of \$50,
21 the increase shall be rounded to the next lower multiple of \$50.

22 (6)(a) If the amount allowable as a credit under this section, when added to the sum of the
23 amounts allowable as payment of tax under ORS 316.187 or 316.583, other tax prepayment amounts
24 and other refundable credit amounts, exceeds the taxes imposed by ORS chapters 314 and 316 for
25 the tax year after application of any nonrefundable credits allowable for purposes of ORS chapter
26 316 for the tax year, the amount of the excess shall be refunded to the taxpayer as provided in ORS
27 316.502.

28 (b) The credit under this section shall be computed after the allowance of any other credit or
29 offset against tax liability.

30 (7) A nonresident or part-year resident shall be allowed the credit under this section in the same
31 manner and, aside from the taxpayer's applicable qualifying income limit, subject to the same limi-
32 tations as a resident. However, the credit shall be prorated using the proportion provided in ORS
33 316.117.

34 (8) If a change in the tax year of a taxpayer occurs as described in ORS 314.085, or if the De-
35 partment of Revenue terminates the taxpayer's tax year under ORS 314.440, the credit allowed by
36 this section shall be prorated or computed in a manner consistent with ORS 314.085.

37 (9) If a change in the status of a taxpayer from resident to nonresident or from nonresident to
38 resident occurs, the credit allowed by this section shall be determined in a manner consistent with
39 ORS 316.117.

40 (10) Refunds attributable to the child tax credit allowed under this section do not bear interest.

41 **SECTION 2. The amendments to ORS 315.273 by section 1 of this 2025 Act apply to tax**
42 **years beginning on or after January 1, 2026.**

43 **SECTION 3. This 2025 Act takes effect on the 91st day after the date on which the 2025**
44 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**