

REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly

2007 Regular Session

Legislative Revenue Office

Bill Number:	SB 178-A
Revenue Area:	Income
Economist:	Chris Allanach
Date:	4-23-2007

Measure Description:

Clarifies the language pertaining to the definition of a "unitary business". Current statute states a business is unitary if it, either directly or indirectly, shares or exchanges value as demonstrated by (a) centralized management or a common executive force, (b) centralized administrative services or functions resulting in economies of scale, and (c) flow of goods, capital resources or services demonstrating functional integration. The Department of Revenue has historically interpreted the statute to mean all three conditions as necessary. This bill would modify that interpretation to mean that not all three conditions had to be met to define a business as unitary.

Revenue Impact:

	2007-08	2008-09	2007-09 Biennium	2009-11 Biennium
State General Fund	Minimal	Minimal	Minimal	Minimal

Impact Explanation:

The proposed interpretation of the definition of a unitary business could have both positive and negative impacts on revenue. For example, the inclusion of a given corporation with net losses in a unitary business would reduce the income for the entire group. Similarly, the inclusion of a corporation with a net income would increase the income of the entire group. Taken together, the net impact is expected to be minimal.

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