

**REVENUE:** Revenue Statement Issued

**FISCAL:** No Fiscal Impact

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**Action:** Do pass

**Vote:** 8-0-1

**Yeas:** Berger, Bruun, Gelser, Olson, Read, Rosenbaum, Witt, Barnhart

**Nays:**

**Exc.:** Butler

**Prepared By:** Chris Allanach, Economist

**Meeting Dates:** 5/4

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**WHAT THE BILL DOES:** Allows the transfer of outstanding liability for taxes, penalty or interest from a business entity that dissolves to a reorganized entity that is substantially the same business. The bill specifies factors that may be considered when determining if the dissolved and reorganized businesses are essentially the same. These factors include: the physical location of the businesses, the services provided or products produced by the businesses, if the businesses have the same corporate directors or officers, or if the businesses have the same owners or holders of a direct or indirect interest in the businesses.

**ISSUES DISCUSSED:**

- Examples of criteria for determining if the business is essentially the same business
- The intent of the law change
- Impact on tax liability
- Examples in the construction industry

**EFFECT OF COMMITTEE AMENDMENTS:** None

**BACKGROUND:** Current law does allow the Department of Revenue limited authority to transfer outstanding liabilities to a taxpayer who receives property from a taxpayer who ceases to exist or is no longer subject to Oregon's jurisdiction. The department also has the authority to issue a Notice of Liability assessment to a responsible employer or officer for withholding taxes that were not paid by the employing business.