74TH OREGON LEGISLATIVE ASSEMBLY 2007 Regular Session **MEASURE: SB 178-A**
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE

REVENUE: Revenue statement issued
FISCAL: No Fiscal Impact

Action:		Do pass the A-engrossed bill and be placed on the consent calendar
Vote:		6-0-3
	Yeas:	Bruun, Gelser, Olson, Read, Witt, Barnhart
	Nays:	
	Exc.:	Berger, Butler, Rosenbaum
Prepared By:		Chris Allanach, Economist
Meeting Dates:		5/11

WHAT THE BILL DOES: Clarifies 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. Effective for tax years beginning on or after January 1, 2007.

ISSUES DISCUSSED:
- The impact on current DOR practices
- Examples of unitary determination

EFFECT OF COMMITTEE AMENDMENTS: None.

BACKGROUND: The Multistate Tax Commission uniform regulations adopted in 2004 stated that the presence of any of the factors would constitute sufficient evidence that a group of entities is a unitary business. In 1993, the Oregon Tax Court ruled that a unitary business may exist even if one of the conditions was not met.