

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
75th Oregon Legislative Assembly
2009 Regular Session
Legislative Revenue Office

Bill Number:	SB 180 A
Revenue Area:	Corporate Excise Tax
Economist:	Chris Allanach
Date:	5-13-09

Measure Description: Requires an affiliated group that files a consolidated return to include certain entities in their state tax return. Pertains to real estate investment trusts and regulated investment companies. Changes the Department of Revenue rule making authority from mandatory to permissive. Applies to tax years beginning on or after January 1, 2010.

Revenue Impact (\$Millions):

	Fiscal Year		Biennium		
	2009-10	2010-11	2009-11	2011-2013	2013-2015
General Fund	\$0	\$0.6	\$0.6	\$1.2	\$1.2

Impact Explanation:

In recent years, the Department of Revenue has been able to identify several cases where corporations have created these captive entities for the sole reason of avoiding state tax. Because these entities serve no economic purpose, they are disallowed and their income is included in the consolidated tax return. For tax years 1999-2005, the Department has assessed an additional \$2.8 million in tax per year. The revenue impact for this bill is the estimated amount of revenue that currently goes undetected under current auditing procedures.

Creates, Extends, or Expands Tax Expenditure: No