

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

Bill Number:	SB 181
Revenue Area:	Corporate Excise Tax
Economist:	Chris Allanach
Date:	3-5-09

Measure Description:

Adds clarity to existing statute pertaining to the removal of inter-company sales and expenses associated with such sales. Clarifies that the expenses are to be added back to the return when the sales to a related member for the use of intangible property had been excluded from the return. Allows the corporation to claim a tax credit if tax has been paid on the income from the sales. 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
State General Fund	Minimal *		Minimal *		

* Revenue gain of less than \$50,000 per biennium

Impact Explanation:

Recent audits conducted by the Department of Revenue have revealed a handful cases (involving fewer than ten taxpayers over several years) where taxpayers have incorrectly included the expenses of such inter-company transactions while excluding the associated sales. For tax years 1999-2005, the Department has adjusted the tax returns and assessed a total estimated additional \$50,000 in tax per year. The estimated revenue impact for this bill is the amount of revenue that currently goes undetected under current auditing procedures.

Creates, Extends, or Expands Tax Expenditure: No