

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action: Do Pass as Amended and be Printed A-Engrossed
Vote: 5-0-0
Yeas: Hass, Morse, Rosenbaum, Telfer, Burdick
Nays: 0
Exc.: 0
Prepared By: Chris Allanach, Economist
Meeting Dates: 5/25; 6/15

WHAT THE BILL DOES: Removes an exception to the standard apportionment formula. The exception is to allow for the use of a double-weighted sales factor for forest product industry taxpayers that manage between 300,000 and 400,000 acres in Oregon and process at least 20 percent of their total wood chip supply for papermaking from sawmill residue generated within Oregon. Exempts corporations from penalty and interest due to underpayment of taxes attributable to the increased level of taxes contained in HB 3405A for tax year 2009.

ISSUES DISCUSSED:

- Corporate apportionment of income
- Potential penalty and interest due to HB 3405

EFFECT OF COMMITTEE AMENDMENTS: Exempts corporations from penalty and interest due to underpayment of taxes attributable to the increased level of taxes contained in HB 3405A.

BACKGROUND: At the time this provision was enacted by the Legislature in 2003, only one corporation was believed to qualify. The intent was to maintain the option of using the existing apportionment formula structure as Oregon moved toward the singles sales factor formula. Currently, there appears to be no taxpayer that meets the strict criteria for using this apportionment option.