

House Bill 2935

Sponsored by Representative SHIELDS (at the request of former state Representative Joe Smith)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Replaces existing corporate excise or income tax with tax imposed on income reported to shareholders under federal securities law, as further allocated or apportioned to Oregon under existing law. Retains existing corporate excise or income tax for corporations whose stock is not publicly traded.

Applies to tax years beginning on or after January 1, 2011.

A BILL FOR AN ACT

1
2 Relating to taxation on income reported to shareholders; and providing for revenue raising that re-
3 quires approval by a three-fifths majority.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. As used in sections 1 to 6 of this 2009 Act:**

6 (1) "Publicly traded corporation" means a corporation that is required to report earnings
7 under 15 U.S.C. 78m.

8 (2) "Reported income" means the earnings of a publicly traded corporation, as reported
9 on an annual report filed with the Securities and Exchange Commission under 15 U.S.C. 78m.

10 (3) "United States Code" or "U.S.C." means the United States Code as amended and in
11 effect on December 31, 2008, including any federal regulation adopted under a provision of the
12 United States Code, as the federal regulation is amended and in effect on December 31, 2008.

13 **SECTION 2. Notwithstanding any other provision of law, a corporation that is a publicly
14 traded corporation is exempt from any tax imposed under ORS chapter 317 or 318 and is
15 subject to the tax imposed under section 3 of this 2009 Act.**

16 **SECTION 3. (1) The taxable income of a publicly traded corporation shall be the reported
17 income of the corporation, as further allocated or apportioned to this state as provided in
18 subsection (3) of this section.**

19 (2) The tax year of the corporation shall be the calendar year.

20 (3)(a) If a publicly traded corporation has reported income from sources both within this
21 state and outside of this state, the corporation shall determine taxable income by allocating
22 or apportioning reported income to Oregon using the allocation and apportionment provisions
23 of ORS 314.605 to 314.675.

24 (b) If a publicly traded corporation has reported income only from sources within this
25 state, the taxable income of the corporation shall equal the reported income of the corpo-
26 ration.

27 (4) For each tax year, a publicly traded corporation with reported income from Oregon
28 sources shall pay a tax equal to _____ percent of the taxable income of the corporation.

29 **SECTION 4. (1) A publicly traded corporation subject to tax under sections 1 to 6 of this
30 2009 Act shall pay the tax imposed under section 3 of this 2009 Act to the Department of**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

1 Revenue on or before 60 days following the date the annual report required under 15 U.S.C.
2 78m is filed with the Securities and Exchange Commission or is required to be filed with the
3 Securities and Exchange Commission, whichever is earlier.

4 (2) The tax shall be reported on a return filed with the department on a form prescribed
5 by the department that contains the information required by the department.

6 (3) The department may by rule require the advance payment of taxes that are estimated
7 to be due under section 3 of this 2009 Act.

8 SECTION 5. Unless the context requires otherwise, the provisions of ORS chapters 305,
9 314, 317 and 318 as to the audit and examination of reports and returns, determination of
10 deficiencies, assessments, claims for refunds, penalties, interest, jeopardy assessments,
11 warrants, conferences and appeals to the Oregon Tax Court, and procedures relating thereto,
12 apply to sections 1 to 6 of this 2009 Act the same as if the tax were a tax imposed upon or
13 measured by taxable income as determined under ORS chapter 317 or 318.

14 SECTION 6. The Department of Revenue may adopt rules to implement or administer
15 sections 1 to 6 of this 2009 Act.

16 SECTION 7. Sections 1 to 6 of this 2009 Act apply to tax years beginning on or after
17 January 1, 2011.

18 SECTION 8. (1) Notwithstanding any other provision of law, each publicly traded corpo-
19 ration that reports corporate excise or income taxes on a tax year basis that is other than
20 the calendar year shall, for the tax year of the corporation that begins in the 2010 calendar
21 year, compute taxes due under ORS chapter 317 or 318 on the basis of a short tax year that
22 ends on December 31, 2010.

23 (2) As used in this section, "publicly traded corporation" has the meaning given that
24 term in section 1 of this 2009 Act.

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