

House Bill 3405

Sponsored by COMMITTEE ON REVENUE

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**.

Establishes five tiers of corporate minimum tax on corporations that are not S corporations, based on level of Oregon sales. Prohibits Department of Revenue from disclosing information that is attributable to single corporation or group of fewer than 10 corporations. Establishes Multimodal Transportation and Economic Development Fund. Appropriates moneys to Department of Transportation. Directs corporate excise tax revenue to fund. Authorizes issuance of lottery bonds for transportation projects funded from fund. Specifies allocation of lottery bond proceeds.

Applies to tax years beginning on or after January 1, 2010, and to revenue collected for tax years beginning on or after January 1, 2010.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to state finance; creating new provisions; amending ORS 317.090 and 317.850; appropriating
3 money; prescribing an effective date; and providing for revenue raising that requires approval
4 by a three-fifths majority.

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

6 **SECTION 1.** ORS 317.090 is amended to read:

7 317.090. (1) Each taxpayer named in ORS 317.056 or 317.070 shall pay annually to the state, for
8 the privilege of carrying on or doing business by it within this state, a minimum tax *[of \$10.]* **as**
9 **follows:**

10 (a) **If the corporation is an S corporation as defined in ORS 314.730, \$10 in lieu of any**
11 **amount that would otherwise be due under paragraphs (b) to (f) of this subsection.**

12 (b) **If the corporation and all affiliates shown on the Oregon tax return have total Oregon**
13 **sales for the tax year of less than \$100,000, \$100.**

14 (c) **If the corporation and all affiliates shown on the Oregon tax return have total Oregon**
15 **sales for the tax year of \$100,000 or more, but less than \$500,000, \$500.**

16 (d) **If the corporation and all affiliates shown on the Oregon tax return have total Oregon**
17 **sales for the tax year of \$500,000 or more, but less than \$3,000,000, \$1,000.**

18 (e) **If the corporation and all affiliates shown on the Oregon tax return have total Oregon**
19 **sales for the tax year of \$3,000,000 or more, but less than \$10,000,000, \$3,000.**

20 (f) **If the corporation and all affiliates shown on the Oregon tax return have total Oregon**
21 **sales for the tax year of \$10,000,000 or more, \$7,500.**

22 (2) The minimum tax *[shall not be]* **is not** apportionable (except in the case of a change of ac-
23 counting periods)*], but shall be* **and is** payable in full for any part of the year during which a cor-
24 poration is subject to tax.

25 (3) **As used in this section, "Oregon sales" means:**

26 (a) **If the corporation apportions business income under ORS 314.650 to 314.665 for Oregon**
27 **tax purposes, the total sales of the taxpayer in this state during the tax year, as determined**

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 for purposes of ORS 314.665;

2 (b) If the corporation does not apportion business income for Oregon tax purposes, the
3 total sales in this state that the taxpayer would have had, as determined for purposes of ORS
4 314.665, if the taxpayer were required to apportion business income for Oregon tax purposes;
5 or

6 (c) If the corporation apportions business income using a method different from the
7 method prescribed by ORS 314.650 to 314.665, Oregon sales as defined by the Department of
8 Revenue by rule.

9 **SECTION 2.** The amendments to ORS 317.090 by section 1 of this 2009 Act apply to tax
10 years beginning on or after January 1, 2010.

11 **SECTION 3.** Section 4 of this 2009 Act is added to and made a part of ORS chapter 314.

12 **SECTION 4.** In addition to any other limitation on the disclosure of taxpayer information,
13 the Department of Revenue may not disclose any corporate tax information that a person
14 would be able to attribute to a corporation or a group of corporations that includes fewer
15 than 10 corporations.

16 **SECTION 5.** The Oregon Transportation Commission shall allocate at least 15 percent of
17 the net proceeds of the lottery bonds authorized by section 6 of this 2009 Act to each region
18 described in this section. For purposes of this section, the regions are as follows:

19 (1) Region one consists of Clackamas, Columbia, Hood River, Multnomah and Washington
20 Counties.

21 (2) Region two consists of Benton, Clatsop, Lane, Lincoln, Linn, Marion, Polk, Tillamook
22 and Yamhill Counties.

23 (3) Region three consists of Coos, Curry, Douglas, Jackson and Josephine Counties.

24 (4) Region four consists of Crook, Deschutes, Gilliam, Jefferson, Klamath, Lake,
25 Sherman, Wasco and Wheeler Counties.

26 (5) Region five consists of Baker, Grant, Harney, Malheur, Morrow, Umatilla, Union and
27 Wallowa Counties.

28 **SECTION 6.** (1) Pursuant to ORS 286A.560 to 286A.585, for the biennium beginning July
29 1, 2009, the State Treasurer may issue lottery bonds to finance grants and loans for trans-
30 portation projects as provided in sections 7 to 10 of this 2009 Act.

31 (2) The use of lottery bond proceeds pursuant to this section is authorized based on the
32 following findings:

33 (a) There is an urgent need to improve and expand publicly owned and privately owned
34 transportation infrastructure to support economic development in this state.

35 (b) A safe, efficient and reliable transportation network supports the long-term economic
36 development and livability of this state. A multimodal network of air, rail, public transit,
37 highway and marine transportation moves people and goods efficiently.

38 (c) Local governments and private sector businesses often lack capital and the technical
39 capacity to undertake multimodal transportation projects.

40 (d) Public financial assistance can stimulate industrial growth and commercial enterprise
41 and promote employment opportunities in this state.

42 (e) Public investment in transportation infrastructure will create jobs and further eco-
43 nomic development in this state.

44 (3) The aggregate principal amount of lottery bonds issued pursuant to this section may
45 not exceed the sum of \$100 million plus an additional amount established by the State

1 **Treasurer to pay bond-related costs. The State Treasurer may issue lottery bonds pursuant**
 2 **to this section only at the request of the Director of Transportation.**

3 **(4) The net proceeds of the lottery bonds issued pursuant to this section shall be depos-**
 4 **ited in the Multimodal Transportation and Economic Development Fund established by sec-**
 5 **tion 7 of this 2009 Act.**

6 **SECTION 7. (1) As used in sections 7 to 10 of this 2009 Act, “transportation project” has**
 7 **the meaning given that term in ORS 367.010.**

8 **(2) The Multimodal Transportation and Economic Development Fund is established sepa-**
 9 **rate and distinct from the General Fund. Earnings on moneys in the Multimodal Transpor-**
 10 **tation and Economic Development Fund shall be deposited into the fund. Moneys in the**
 11 **Multimodal Transportation and Economic Development Fund are continuously appropriated**
 12 **to the Department of Transportation for the purposes described in subsection (3) of this**
 13 **section and in section 10 of this 2009 Act.**

14 **(3) The department shall use moneys in the Multimodal Transportation and Economic**
 15 **Development Fund to provide grants and loans for projects as provided in sections 7 to 10**
 16 **of this 2009 Act. Grants and loans may be provided only for projects that:**

- 17 **(a) Are multimodal transportation projects;**
- 18 **(b) Promote economic development;**
- 19 **(c) Have statewide significance; and**
- 20 **(d) Include rail, ports, airports and highways.**

21 **(4) All moneys received by the department as interest on loans made under this section**
 22 **and as repayment of principal of loans made under this section shall be deposited into the**
 23 **Multimodal Transportation and Economic Development Fund.**

24 **SECTION 8. (1) Except as provided in subsection (2) of this section, the Department of**
 25 **Transportation may provide, from moneys in the Multimodal Transportation and Economic**
 26 **Development Fund established by section 7 of this 2009 Act:**

- 27 **(a) Grants for transportation projects to public bodies, as defined in ORS 174.109, and to**
 28 **private entities; and**
- 29 **(b) Loans for transportation projects to public bodies, as defined in ORS 174.109, and to**
 30 **private entities.**

31 **(2) Grants and loans may not be made from the Multimodal Transportation and Economic**
 32 **Development Fund for transportation projects that could constitutionally be funded by re-**
 33 **venues described in section 3a, Article IX of the Oregon Constitution.**

34 **(3) The Department of Transportation shall adopt rules:**

- 35 **(a) Specifying the process by which a public body or private entity may apply for a loan**
 36 **under this section and prescribing the terms and conditions of loans, including but not lim-**
 37 **ited to interest rates and repayment schedules; and**
- 38 **(b) Specifying the process by which a public body or private entity may apply for a grant**
 39 **under this section and prescribing the terms and conditions of grants, including but not**
 40 **limited to a requirement that the public body or private entity receiving the grant provide**
 41 **at least 20 percent of the moneys required for the transportation project.**

42 **SECTION 9. (1) The Oregon Transportation Commission shall select projects to be funded**
 43 **with moneys in the Multimodal Transportation and Economic Development Fund established**
 44 **in section 7 of this 2009 Act.**

45 **(2)(a) Prior to selecting aeronautic and airport transportation projects, the commission**

1 shall solicit recommendations from the State Aviation Board.

2 (b) Prior to selecting freight transportation projects, the commission shall solicit rec-
3 ommendations from the Freight Advisory Committee.

4 (c) Prior to selecting public transit and rail projects, the commission shall solicit rec-
5 ommendations from its public transit and rail advisory committees.

6 (d) Prior to selecting marine projects, the commission shall solicit recommendations
7 from the Economic and Community Development Department.

8 (3) In selecting transportation projects, the commission shall consider:

9 (a) Whether a proposed transportation project reduces transportation costs for Oregon
10 businesses or improves access to jobs and sources of labor;

11 (b) Whether a proposed transportation project results in an economic benefit to this
12 state;

13 (c) Whether a proposed transportation project is a critical link connecting elements of
14 Oregon's transportation system that will measurably improve utilization and efficiency of the
15 system;

16 (d) How much of the cost of a proposed transportation project can be borne by the ap-
17 plicant for the grant or loan from any source other than the Multimodal Transportation and
18 Economic Development Fund; and

19 (e) Whether a proposed transportation project is ready for construction.

20 **SECTION 10.** The Department of Transportation shall administer all transportation
21 projects that are selected under section 9 of this 2009 Act. The department may use moneys
22 from the Multimodal Transportation and Economic Development Fund to pay administrative
23 costs incurred by the department in carrying out the provisions of sections 7 to 10 of this
24 2009 Act.

25 **SECTION 11.** ORS 317.850 is amended to read:

26 317.850. The net revenue from the tax imposed by this chapter, after deduction of refunds, shall
27 be paid over to the State Treasurer and *[held in the General Fund as miscellaneous receipts available*
28 *generally to meet any expense or obligation of the State of Oregon lawfully incurred]* **transferred to**
29 **the Multimodal Transportation and Economic Development Fund established by section 7 of**
30 **this 2009 Act.** A working balance of unreceipted revenue from the tax imposed by this chapter may
31 be retained for the payment of refunds, but such working balance shall not at the close of any fiscal
32 year exceed the sum of \$500,000.

33 **SECTION 12.** The amendments to ORS 317.850 by section 11 of this 2009 Act apply to re-
34 venue received by the Department of Revenue for tax years beginning on or after January
35 1, 2010.

36 **SECTION 13.** This 2009 Act takes effect on the 91st day after the date on which the
37 regular session of the Seventy-fifth Legislative Assembly adjourns sine die.

38