

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
Seventy-Sixth Oregon Legislative
Assembly
2011 Regular Session
Legislative Revenue Office

DATE: 06-16-2011 PAGES: 1
SUBMITTED BY: Paul Warner

Bill Number: **SB 889 - A3**
Revenue Area: **Corporate Income Tax**
Economist: **Paul Warner**
Date: **6-16-11**

Measure Description:

For purposes of the minimum tax paid by agricultural cooperatives, removes sale conducted with members of the co-op from the definition of Oregon sales. Exempts from corporate minimum taxes and provides favorable 2.5% tax rate for interest charged DISC corporations primarily engaged in agricultural sales. Applies to tax years beginning on or after January 1, 2011.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2011-12	2012-13	2011-13	2013-15	2015-17
Agricultural Cooperatives	-\$0.7	-\$0.7	-\$1.4	-\$1.4	-\$1.4
IC DISC	-\$0.3	-\$0.3	-\$0.6	-\$0.7	-\$0.7
General Fund	-\$1.0	-\$1.0	-\$2.0	-\$2.1	-\$2.1

Impact Explanation: The agricultural cooperative estimate is based on the reduction in Oregon sales for eligible co-ops. These lower Oregon sales estimates are then linked to reduced minimum tax payments. The estimate for IC DISC corporations is scaled down to Oregon from a national estimate by the Congressional Research Service for all export oriented businesses. This estimate is further scaled down by the proportion of Oregon sales that are agricultural products. A further refinement is to exclude the estimated proportion of agricultural exports that originate from co-ops who are not eligible for IC DISC treatment.

Creates, Extends, or Expands Tax Expenditure: Yes x No

The policy purpose of this measure is to prevent disproportionate adverse effects of the corporate minimum tax on particular types of organizational structures.