

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

|                      |                             |
|----------------------|-----------------------------|
| <b>Bill Number:</b>  | <b>SB 889 - B</b>           |
| <b>Revenue Area:</b> | <b>Corporate Income Tax</b> |
| <b>Economist:</b>    | <b>Paul Warner</b>          |
| <b>Date:</b>         | <b>6-16-11</b>              |

**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.