

REVENUE: Revenue Impact Issued
FISCAL: Minimal Fiscal Impact

Action: Do Pass as Amended and be printed Engrossed
Vote: 7-0-1
Yeas: Bailey, Bentz, Brewer, Read, Wand, Barnhart, Berger
Nays:
Exc.: Gelser
Prepared By: Chris Allanach, Economist
Meeting Dates: 2/14; 6/1

WHAT THE BILL DOES: For purposes of the minimum tax paid by agricultural cooperatives, removes sales representing business done with or for members of the coop from the definition of Oregon sales. Applies to tax years beginning on or after January 1, 2011.

ISSUES DISCUSSED:

- Impact of the single sales factor
- Treatment of agricultural co-ops in other states
- Impact on non-farm co-ops

EFFECT OF COMMITTEE AMENDMENTS: Replaces bill.

BACKGROUND: In general, corporate sales made within Oregon's borders are defined to be 'Oregon Sales' for purposes of apportionment and the corporation minimum tax. Consequently, sales made by co-operative members to an Oregon co-op are considered Oregon sales, regardless of their ultimate destination. By modifying the definition of Oregon sales for agricultural co-operatives, their minimum tax would be reduced. The benefit of the reduced tax liability is presumably passed on to the co-op members through relatively higher dividend payments.