

**REVENUE: Revenue Impact Issued**  
**FISCAL: Minimal Fiscal Impact**

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**Action:** Do Pass  
**Vote:** 4-0-0  
**Yeas:** Hass, Morse, Telfer, Burdick  
**Nays:** 0  
**Exc.:** 0  
**Prepared By:** Chris Allanach, Economist  
**Meeting Dates:** 6/13

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**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 co-operative 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
- Impact of the corporate minimum tax
- Role of co-operatives in the agricultural industry
- Federal policies and the Domestic Production Activity Deduction
- Member sales as compared with non-member sales

**EFFECT OF COMMITTEE AMENDMENTS:** None

**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.