

PRELIMINARY

77TH OREGON LEGISLATIVE ASSEMBLY
2013 REGULAR SESSION
STAFF MEASURE SUMMARY
SENATE FINANCE AND REVENUE COMMITTEE

MEASURE: SB 311
CARRIER:

REVENUE:
FISCAL:

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: Chris Allanach, Economist

Meeting Dates: 3/25

WHAT THE BILL DOES: Changes the method of apportionment for corporations that sell intangibles and services from the Cost-of-Performance approach to a Market-based approach. Applies to tax years beginning on or after January 1, 2014.

ISSUES DISCUSSED:

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EFFECT OF COMMITTEE AMENDMENTS:

BACKGROUND: Under current law, apportionment for corporations that sell intangibles or services is based on the Cost-of-Performance approach. This method assigns all sales for a particular item of income to the state that has the highest share of the company's production costs. For example, if a corporation has their production for a given item of income in three states with 40% in state A and 30% each in states B and C, then all sales are assigned to state A. Under the Market-sourced approach, the sales would be assigned to the state or states where the customer is located.

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