PRELIMINARY

77TH OREGON LEGISLATIVE ASSEMBLY
2013 REGULAR SESSION
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE

MEASURE: HB 3069
CARRIER:

REVENUE:
FISCAL:

Action:
Vote:

Yeas:
Nays:
Exc.:

Prepared By: Chris Allanach, Economist
Meeting Dates: 3/21

WHAT THE BILL DOES: Excludes expenses paid to a foreign corporation without U.S. nexus from the Oregon addition for expenses paid to a related member for the use of intangible property. Applies to tax years beginning on or after January 1, 2010.

ISSUES DISCUSSED:

-

EFFECT OF COMMITTEE AMENDMENTS:

BACKGROUND: SB 181 from 2009 attempted to clarify the state tax treatment of inter-company sales and expenses associated with the sale of intangible property. The intent was to ensure that when sales to a related corporate member for the use of intangible property are excluded from taxation, then the associated expenses should not be deducted. If, in fact, taxes were paid on the associated income, then a tax credit would be allowed to offset the Oregon addition. The adoption of the policy was pursuant to DOR tax audits that revealed cases where corporate taxpayers had incorrectly deducted expenses when income from the associated sales was not taxed.