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

MEASURE: SB 307 - A
CARRIER: Rep. Barnhart

REVENUE: No Revenue Impact
FISCAL: No Fiscal Impact

Action:	Do Pass	
Vote:	9-0-0	
	Yeas:	Bailey, Bentz, Berger, Conger, Davis, Gelser, Read, Vega Pederson, Barnhart
	Nays:	0
	Exc.:	0
Prepared By:		Chris Allanach, Economist
Meeting Dates:		5/21

WHAT THE BILL DOES: Clarifies existing law by repealing the Multistate Tax Compact in its entirety and reinstating the compact without Articles III and IV, which pertain to income subject to apportionment. The bill takes effect on the 91st day following adjournment sine die. The adoption of the new tax compact is operative on the day following the effective date of the Act.

ISSUES DISCUSSED:

- Recent court actions
- Legislative intent of 2001 single sales factor policy in not allowing taxpayer choice for method of apportioning income
- History and function of the Multistate Tax Commission
- Advantages of being an MTC member

EFFECT OF COMMITTEE AMENDMENTS: No amendments

BACKGROUND: Oregon initially adopted the Multistate Tax Compact in 1967 (ORS 305.655). As stated within the compact, the intent is to facilitate the proper identification of state and local tax liability for corporations doing business in more than one state. The purpose also includes the promotion of tax uniformity, compatibility, convenience, and compliance across the states. In 1991, Oregon moved away from the equally-weighted three factor formula and adopted the double-weighted sales factor. In 1993, the Legislature enacted ORS 314.606 to address any apparent contradiction between the Compact and ORS 314.650. Subsequent changes to the apportionment formula were a move to the 80 percent sales factor in 2003 and the adoption of the 100 percent sales factor in 2005.