

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

**MEASURE: HB 2460 - B
CARRIER: Sen. George**

REVENUE: Revenue Impact Statement Issued
FISCAL: Minimal Fiscal Impact, no statement issued

Action: Do Pass with Amendments to the A-Eng Bill. (Printed B-Eng.)

Vote: 4-0-1

Yeas: George, Hass, Rosenbaum, Burdick

Nays: 0

Exc.: Baertschiger

Prepared By: Paul Warner, Economist

Meeting Dates: 6/17; 6/19

WHAT THE BILL DOES: Requires corporations that file an Oregon tax return that includes a corporation that is a member of unitary group and incorporated in certain countries considered tax havens to include net income from those countries on the Oregon return. Directs the Department of Revenue to report to the Legislature every other year on potential changes in the list of countries. The Department of Revenue is also directed to present a report on the use of out-of-state tax shelters and recommendations for mitigating non-compliance where appropriate to the Legislature no later than February 1, 2014.

ISSUES DISCUSSED:

- Department of Revenue implementation.
- Definition of tax havens.
- Link to Water's Edge reporting.
- Montana experience with a similar law.
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EFFECT OF COMMITTEE AMENDMENTS:

Requires corporations that file an Oregon return to include net income from members of a unitary group located in listed countries. Deletes Panama from list of jurisdictions considered tax havens.

BACKGROUND: The issue of corporations attributing income to countries where they have little, if any, economic substance has been a long standing issue at the federal level. Such actions artificially reduce tax liability of corporations who practice this technique. With the lack of action at the federal level, some states have begun to implement policies intended to more accurately reflect economic activity in the U.S. The policies proposed in HB 2460 are modeled after a statute that has been in effect in Montana since 2003. Alaska and West Virginia have similar provisions.

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