

House Bill 2303

Sponsored by Representative READ (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Revises corporate minimum tax for C corporations by imposing tax based on combination of taxpayer's fixed assets, Oregon sales and payroll for tax year. Restricts use of tax credits to 10 percent of taxpayer's liability for tax year before allowance of credits.

Applies to tax years beginning on or after January 1, 2013.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to taxation; creating new provisions; amending ORS 317.090; and prescribing an effective
3 date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 317.090 is amended to read:

6 317.090. (1) As used in this section:

7 (a) **“Fixed assets” means property, plant and equipment owned or rented by the taxpayer**
8 **and used in this state during the tax year.**

9 [(a)] (b) “Oregon sales” means:

10 (A) If the corporation apportions business income under ORS 314.650 to 314.665 for Oregon tax
11 purposes, the total sales of the taxpayer in this state during the tax year, as determined for purposes
12 of ORS 314.665;

13 (B) If the corporation does not apportion business income for Oregon tax purposes, the total
14 sales in this state that the taxpayer would have had, as determined for purposes of ORS 314.665, if
15 the taxpayer were required to apportion business income for Oregon tax purposes; or

16 (C) If the corporation apportions business income using a method different from the method
17 prescribed by ORS 314.650 to 314.665, Oregon sales as defined by the Department of Revenue by
18 rule.

19 [(b)] (c) If the corporation is an agricultural cooperative that is a cooperative organization de-
20 scribed in section 1381 of the Internal Revenue Code, “Oregon sales” does not include sales repre-
21 senting business done with or for members of the agricultural cooperative.

22 (d) **“Payroll” means the total amount paid in this state during the tax year by the tax-**
23 **payer as compensation.**

24 (2)(a) Each corporation or affiliated group of corporations filing a return under ORS 317.710
25 shall pay annually to the state, for the privilege of carrying on or doing business by it within this
26 state, a minimum tax, **computed by multiplying _____ percent by the sum of the taxpayer's**
27 **fixed assets, Oregon sales and payroll for the tax year, as properly reported on a return.** [as
28 follows:]

29 [(a) If Oregon sales properly reported on a return are:]

30 [(A) Less than \$500,000, the minimum tax is \$150.]

NOTE: Matter in **boldfaced** type in an amended section is new; matter [italic and bracketed] is existing law to be omitted.
New sections are in **boldfaced** type.

- 1 *[(B) \$500,000 or more, but less than \$1 million, the minimum tax is \$500.]*
- 2 *[(C) \$1 million or more, but less than \$2 million, the minimum tax is \$1,000.]*
- 3 *[(D) \$2 million or more, but less than \$3 million, the minimum tax is \$1,500.]*
- 4 *[(E) \$3 million or more, but less than \$5 million, the minimum tax is \$2,000.]*
- 5 *[(F) \$5 million or more, but less than \$7 million, the minimum tax is \$4,000.]*
- 6 *[(G) \$7 million or more, but less than \$10 million, the minimum tax is \$7,500.]*
- 7 *[(H) \$10 million or more, but less than \$25 million, the minimum tax is \$15,000.]*
- 8 *[(I) \$25 million or more, but less than \$50 million, the minimum tax is \$30,000.]*
- 9 *[(J) \$50 million or more, but less than \$75 million, the minimum tax is \$50,000.]*
- 10 *[(K) \$75 million or more, but less than \$100 million, the minimum tax is \$75,000.]*
- 11 *[(L) \$100 million or more, the minimum tax is \$100,000.]*

12 (b) If a corporation is an S corporation, the minimum tax is \$150.

13 (3) The minimum tax is not apportionable (except in the case of a change of accounting periods),
14 and is payable in full for any part of the year during which a corporation is subject to tax.

15 **SECTION 2. Section 3 of this 2013 Act is added to and made a part of ORS chapter 315.**

16 **SECTION 3. For tax years beginning on or after January 1, 2013, the amount by which**
17 **a taxpayer's liability for taxes imposed under ORS chapter 316, 317 or 318 may be reduced**
18 **by the allowance of tax credits under this chapter or ORS chapters 316 or 317 may not exceed**
19 **10 percent of the taxpayer's liability before allowance of any credit.**

20 **SECTION 4. The amendments to ORS 317.090 by section 1 of this 2013 Act apply to tax**
21 **years beginning on or after January 1, 2013.**

22 **SECTION 5. This 2013 Act takes effect on the 91st day after the date on which the 2013**
23 **regular session of the Seventy-seventh Legislative Assembly adjourns sine die.**

24