

PRELIMINARY STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Fiscal: May have fiscal impact, but no statement yet issued

Revenue: May have revenue impact, but no statement yet issued

Action Date:

Action:

Meeting Dates: 02/09, 06/16, 06/18, 06/22

Prepared By: Paul Warner, Legislative Revenue Officer

WHAT THE MEASURE DOES:

Modifies list of jurisdictions of incorporation for which income must be included on Oregon corporate excise tax return, if corporation is member of unitary group with Oregon corporation. Allows adjustment of reported income received in a listed jurisdiction that is not attributable to transactions or activity of U.S. affiliates. Specifies criteria used to determine listed jurisdictions. Requires Legislative Revenue Office to report to the 2017 Legislature on the cost effectiveness of requiring corporations with subsidiaries in listed jurisdictions to report income in those jurisdictions.

ISSUES DISCUSSED:

- Rational behind HB 2460 (2013) that established policy of corporate reporting of income in certain jurisdictions.
- Definition of water's edge and how it applies at the federal level.
- Individual countries and why they should be included or excluded from the list.
- Role of states in U.S. foreign policy.

EFFECT OF COMMITTEE AMENDMENT:

Modifies list of jurisdictions, incorporates criteria for determining jurisdictions in statute and allows for a subtraction from income reported in a listed jurisdiction if the income originates from outside the U.S. Requires Legislative Revenue Office to report to the 2017 Legislature.

BACKGROUND:

The 2013 Legislature passed HB 2460 which established a list of jurisdictions for which a member of unitary filing group must include income for Oregon tax purposes. HB 2460 also required the Department of Revenue to issue a report on tax haven jurisdictions and recommend changes to the existing list. The department issued the first report in January of 2015.