

**Seventy-Eighth Oregon Legislative Assembly - 2015 Regular Session**  
**STAFF MEASURE SUMMARY**  
**Senate Committee On Business and Transportation**

**MEASURE: SB 77**  
**CARRIER: Sen. Monroe**

**Fiscal:** Has minimal fiscal impact

**Revenue:** No Revenue Impact

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**Action Date:** 02/02/15

**Action:** Do Pass.

**Meeting Dates:** 02/02

**Senate**

**Yeas:** 3 - Beyer, Riley, Monroe

**Nays:** 2 - Girod, Thomsen

**Prepared By:** James LaBar, Committee Administrator

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**WHAT THE MEASURE DOES:**

Prohibits the formation or incorporation of a corporation sole in Oregon on or after effective date of measure. Grandfathers existing corporation sole, contingent upon renewing registration. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Existing religious organizations
- Corporation sole vs. nonprofit corporations
- Organizational oversight flexibility with leadership transitions
- Organizational asset holding
- Tax evasion
- Applicability of state law

**EFFECT OF COMMITTEE AMENDMENT:**

No amendment.

**BACKGROUND:**

Corporation sole is an uncommon type of tax-free non-profit entity allowed in Oregon. They were originally used by established religious denominations like the Roman Catholic Church. Oregon's corporation sole provision, ORS 65.067, allows a religious organization to appoint one person (e.g. a bishop or abbot) as its sole financial officer to administer its assets, whereas a traditional non-profit organization must have a three-person board of directors. A few religious organizations maintain corporation sole status, but most have transitioned to a common non-profit form.

The Internal Revenue Service has identified corporations sole as being frequently used by individuals attempting to improperly avoid income taxes. Of 270 active corporation sole organizations filed with the Oregon Secretary of State, 175 (65 percent) have been filed by "The Empowerment Center" since December 2012.