

SB 30 -1 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 2/6, 3/13

WHAT THE MEASURE DOES:

For purposes of making a decision on whether or not multiple corporations comprise a unitary group, allows the Department of Revenue to consider their connection to foreign affiliates.

ISSUES DISCUSSED:

- Unitary principal for corporation income taxation
- Interaction with policy regarding listed jurisdictions

EFFECT OF AMENDMENT:

-1 Removes language pertaining to the addition of income for corporations incorporated in an offshore jurisdiction as listed in ORS 317.716

BACKGROUND:

Since the 1980s Oregon has taxed corporation income according to the water's edge principal. Only income from within the U.S. can be taxed. The change proposed by this bill does not change that. It does allow the DOR to consider the connections of U.S. corporations with foreign affiliates to determine if corporations are members of a unitary group. For example, if Corporation A and Corporation B are strongly connected via a foreign affiliate, the policy in this bill enables the determination that Corporations A and B are unitary. Under current law, DOR cannot make any consideration of the foreign affiliate.