

**HB 2830 -4, -5 STAFF MEASURE SUMMARY**

**Joint Committee On Tax Reform**

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**Prepared By:** Chris Allanach, Senior Economist

**Meeting Dates:** 6/13, 6/13, 6/15, 6/19

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**WHAT THE MEASURE DOES:**

Increases the corporation income tax rates

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

-4 Replaces bill as follows:

Creates a Commercial Activities Tax (CAT) that applies to all business types with Oregon receipts of more than \$150,000, effective for tax years beginning on or after January 1, 2019. Establishes a minimum tax of \$250 for all filers. Establishes five tax rates, ranging from .15% to .75%, that each apply to specific industry sectors. The rates are applicable to Oregon sales above \$3 million. Establishes a tax credit against the CAT for pass-thru entities; the credit is 50% for tax year 2019 and 25% thereafter.

Increases the current corporation tax rates from 6.6% and 7.6% to 8% and 9% for tax years 2017 and 2018. Repeals the corporate income tax effective with tax year 2019.

Changes the Personal Income Tax Rate structure from the current 5% - 7% - 9% - 9.9% brackets to 4% - 6.75% - 8.8% - 9% - 9.9%. Increases the current 8% Earned Income tax credit to 10%. Both changes are effective with tax year 2019.

-5 Same as the -4 except contains a full exemption from the CAT for the Natural Resources (Agriculture, forestry, fishing) sector.

**BACKGROUND:**