

HB 2067 A STAFF MEASURE SUMMARY

Carrier: Rep. Barnhart

House Committee On Revenue

Action Date: 05/04/17

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 5-4-0-0

Yeas: 5 - Barnhart, Hernandez, Marsh, Nosse, Smith Warner

Nays: 4 - Bentz, Buehler, Johnson, Smith G

Fiscal: No fiscal impact

Revenue: Revenue impact issued

Prepared By: Paul Warner, Legislative Revenue Officer

WHAT THE MEASURE DOES:

Extends the list of foreign jurisdictions in which the member of a unitary group must include income on its Oregon corporate tax return. Specifically the measure adds Panama, Hong Kong, The Netherlands, Switzerland, Jordan, Lebanon, Macau and the United Arab Emirates to the current statutory list.

ISSUES DISCUSSED:

- History of listed jurisdiction policy.
- Department of Revenue 2017 and 2015 recommendations.
- Criteria for placing jurisdictions on the list.
- Federal corporate income tax policy.
- Actions in other states.
- Advantages and risks of policy.

EFFECT OF AMENDMENT:

Retains Guatemala on the list of jurisdictions. Adds Panama, Hong Kong, The Netherlands, Switzerland, Jordan, Lebanon, Macau and the United Arab Emirates to the list of jurisdictions.

BACKGROUND:

In 2013 the Legislature passed HB 2460. HB 2460 contained a list of jurisdictions in which income from an affiliate must be included on the Oregon corporate tax return. The initial list was patterned after a similar list in Montana. HB 2460 also required the Department of Revenue to prepare a biennial report reviewing the status of the current list and making recommendations to the Legislature for additions and/or subtractions. The department issued reports in 2015 and 2017.