

SB 30 A STAFF MEASURE SUMMARY

House Committee On Revenue

Action Date: 05/11/17

Action: Do Pass the A-Eng bill and be placed on the Consent Calendar.

Vote: 6-0-3-0

Yeas: 6 - Barnhart, Hernandez, Marsh, Nosse, Smith G, Smith Warner

Exc: 3 - Bentz, Buehler, Johnson

Fiscal: No fiscal impact

Revenue: Has minimal revenue impact

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WHAT THE MEASURE DOES:

Allows the Department of Revenue to consider the role of foreign affiliates when making a decision on whether or not multiple corporations comprise a unitary group.

ISSUES DISCUSSED:

- Unitary principle regarding corporate taxation
- Potential impact on corporate taxpayers

EFFECT OF AMENDMENT:

No amendment.

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.