

House Bill 2273

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor Kate Brown for Department of Revenue)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Provides for alternative methods of allocation and apportionment of business income of taxpayer if standard provisions do not fairly represent extent of business activity in state of taxpayers engaged in particular industry or in particular type of transaction or activity.

Applies to tax years beginning on or after January 1, 2018.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to methods of determining taxpayer business activity in state; creating new provisions;
3 amending ORS 314.667; and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 314.667 is amended to read:

6 314.667. (1) If the application of the allocation and apportionment provisions of ORS 314.605 to
7 314.675 [*do*] **does** not fairly represent the extent of the taxpayer's business activity in this state, the
8 taxpayer may petition for and the Department of Revenue may permit, or the department may re-
9 quire, in respect to all or any part of the taxpayer's business activity:

10 (a) Separate accounting;

11 (b) The exclusion of any one or more of the factors;

12 (c) The inclusion of one or more additional factors which will fairly represent the taxpayer's
13 business activity in this state; or

14 (d) The employment of any other method to effectuate an equitable allocation and apportionment
15 of the taxpayer's income.

16 **(2)(a) If the allocation and apportionment provisions of ORS 314.605 to 314.675 do not**
17 **fairly represent the extent of business activity in this state of taxpayers engaged in a par-**
18 **ticular industry or in a particular transaction or activity, the department may, in addition**
19 **to the authority provided in subsection (1) of this section, establish appropriate rules for**
20 **determining alternative allocation and apportionment methods for such taxpayers.**

21 **(b) A rule adopted pursuant to this section shall be applied uniformly, except that with**
22 **respect to a taxpayer to whom the rule applies, the taxpayer may petition for, or the de-**
23 **partment may require, adjustment pursuant to subsection (1) of this section.**

24 **(3) The department may not revoke written permission given to a taxpayer to use a**
25 **reasonable method to effectuate an equitable allocation and apportionment of the taxpayer's**
26 **income with respect to transactions and activities that have already occurred unless there**
27 **has been a material change in, or a material misrepresentation of, the facts provided by the**
28 **taxpayer upon which the department reasonably relied.**

29 [(2)] (4) The department may adopt rules to promote uniformity and consistency with other

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 states in the application of the Uniform Division of Income for Tax Purposes Act.

2 **SECTION 2. The amendments to ORS 314.667 by section 1 of this 2017 Act apply to tax**
3 **years beginning on or after January 1, 2018.**

4 **SECTION 3. This 2017 Act takes effect on the 91st day after the date on which the 2017**
5 **regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**

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