

A-Engrossed
Senate Bill 30

Ordered by the Senate March 15
Including Senate Amendments dated March 15

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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.

In making determination of whether corporate affiliates are members of unitary group [*and whether addition to return of income of affiliates incorporated in certain offshore jurisdictions is required*], allows reference to any corporation that is owned or controlled directly or indirectly by same interests.

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 unitary business determinations of corporate affiliates; creating new provisions; amend-
3 ing ORS 317.705; and prescribing an effective date.

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

5 **SECTION 1.** ORS 317.705 is amended to read:

6 317.705. As used in ORS 317.705 to 317.715:

7 (1) "Affiliated group" means an affiliated group of corporations as defined in section 1504 of the
8 Internal Revenue Code.

9 (2) "Unitary group" means a corporation or group of corporations engaged in business activities
10 that constitute a unitary business.

11 (3)(a) "Unitary business" means a business enterprise in which there exists directly or indirectly
12 between the members or parts of the enterprise a sharing or exchange of value as demonstrated by:

13 (A) Centralized management or a common executive force;

14 (B) Centralized administrative services or functions resulting in economies of scale; or

15 (C) Flow of goods, capital resources or services demonstrating functional integration.

16 (b) "Unitary business" may include, but is not limited to, a business enterprise the activities of
17 which:

18 (A) Are in the same general line of business (such as manufacturing, wholesaling or retailing);

19 or

20 (B) Constitute steps in a vertically integrated process (such as the steps involved in the pro-
21 duction of natural resources, which might include exploration, mining, refining and marketing).

22 (c) Whether two or more corporations that are included in the same consolidated federal return
23 are engaged in a unitary business may be determined by making reference to [*corporations that are*
24 *doing business in the United States and are subject to federal income taxation, whether or not those*
25 *corporations are includable in the consolidated return. No other corporations may be taken into con-*

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 *sideration in making such a determination, except in a case in which the transactions or relationships*
2 *between such corporations are made in an attempt to evade or avoid taxation] **any corporation that***
3 **is owned or controlled directly or indirectly by the same interests.**

4 **SECTION 2. The amendments to ORS 317.705 by section 1 of this 2017 Act apply to tax**
5 **years beginning on or after January 1, 2018.**

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

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