

# Enrolled Senate Bill 30

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CHAPTER .....

AN ACT

Relating to unitary business determinations of corporate affiliates; creating new provisions; amending ORS 317.705; and prescribing an effective date.

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

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

317.705. As used in ORS 317.705 to 317.715:

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

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

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

- (A) Centralized management or a common executive force;
- (B) Centralized administrative services or functions resulting in economies of scale; or
- (C) Flow of goods, capital resources or services demonstrating functional integration.

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

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

or

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

(c) Whether two or more corporations that are included in the same consolidated federal return are engaged in a unitary business may be determined by making reference to [*corporations that are doing business in the United States and are subject to federal income taxation, whether or not those corporations are includable in the consolidated return. No other corporations may be taken into consideration in making such a determination, except in a case in which the transactions or relationships between such corporations are made in an attempt to evade or avoid taxation*] **any corporation that is owned or controlled directly or indirectly by the same interests.**

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

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

**Passed by Senate March 20, 2017**

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Lori L. Brocker, Secretary of Senate

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Peter Courtney, President of Senate

**Passed by House May 18, 2017**

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Tina Kotek, Speaker of House

**Received by Governor:**

.....M,....., 2017

**Approved:**

.....M,....., 2017

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Kate Brown, Governor

**Filed in Office of Secretary of State:**

.....M,....., 2017

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Dennis Richardson, Secretary of State