

## HB 4009 -3, -6, -10, -13 STAFF MEASURE SUMMARY

### House Committee On Revenue

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**Prepared By:** Chris Allanach, Legislative Revenue Officer

**Meeting Dates:** 2/5, 2/10, 2/11, 2/12

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#### WHAT THE MEASURE DOES:

Makes a series of technical clarifications to the Corporate Activity Tax. Includes non-Oregon auto dealers in the exclusion for registration fees or taxes collected by auto dealers. Clarifies the timing of when returns and allowances are claimed. Clarifies the apportionment calculation for the subtraction. Clarifies registration for the tax is required only once per business. Modifies the language regarding penalty provisions for quarterly estimated payments.

#### ISSUES DISCUSSED:

##### EFFECT OF AMENDMENT:

-3 Provides agricultural firms an option to the COGS calculation and provides options for bulk commodities where in-state and export sales are co-mingled

-6 Provides that certain sales by dairy farmers are not commercial activity

-10 Makes changes to policies included in the introduced version of the bill:

- Clarifies reference to the Vehicle Privilege Tax
- Returns and allowances are accounted for in the year they occur
- Clarify the 35% subtraction calculation and apportionment factor
- Penalties are reduced to 5%; add a safe harbor; and extend 80% threshold one-year

-13 Adds changes to policies not included in the introduced version of the bill:

- Change 'business revenue' to 'commercial activity'
- Clarify all tax refunds are not commercial activity
- Remove auto dealership language that pertains to the 'benefit of a specific customer'
- Ties unrelated business income to the IRC
- Exclude entities from a unitary group that have no connection to Oregon

#### BACKGROUND:

The Corporate Activity Tax was enacted by the 2019 Legislature. It's a 0.57% tax on commercial activity in Oregon. The intent of this bill is to make clarifications and technical modifications where necessary prior to initial estimated payment being made in April of 2020.