

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
80th Oregon Legislative Assembly  
2020 Regular Session  
Legislative Revenue Office

**Bill Number:** HB 4009 - 25  
**Revenue Area:** Corporate Activity Tax  
**Economist:** Chris Allanach  
**Date:** 2.20.2020

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

**Measure Description:**

Exempts from the CAT crop insurance payments and certain dairy sales of milk. Provides for farming operations an alternative to the COGS calculation equal to operating expenses other than labor costs. Allows farmers to either (1) receive a certificate detailing the portion of their product that is exported, or (2) apply an industry average to estimate exports of their product.

**Revenue Impact (in \$Millions):**

	Fiscal Year		Biennium		
	2019-20	2020-21	2019-21	2021-23	2023-25
<b>Student Success Fund</b>	<b>-\$0.5</b>	<b>-\$0.5</b>	<b>-\$1.0</b>	<b>-\$1.1</b>	<b>-\$1.2</b>

**Impact Explanation:**

The estimated revenue impacts are driven by the crop insurance and dairy changes. The estimated impact from crop insurance payments is based on average historical data reported by the USDA. The estimated impact for dairy farms is based on recent tax year information provided by the industry. The alternative calculation to COGS may have a slight impact but is largely consistent with the original policy adopted in 2019. Similarly, the certifications regarding co-mingled commodities may have some impact, given the potential use of industry averages, but is also largely consistent with the original policy intent.

**Creates, Extends, or Expands Tax Expenditure:** Yes  No

The policy purpose of this measure is