

**HB 4202 STAFF MEASURE SUMMARY**

**Joint Committee On The First Special Session of 2020**

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**Prepared By:** Laura Kentnesse, LPRO Analyst

**Meeting Dates:** 6/24

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**WHAT THE MEASURE DOES:**

Makes a series of technical and policy clarifications to the Corporate Activity Tax. Ensures that registration is required once instead of annually; changes one reference of 'business revenue' to 'commercial activity'; clarifies tax refunds are not commercial activity; clarifies that manufactured dwelling park nonprofit cooperatives are not taxable; ties unrelated business income to the Internal Revenue Code; excludes from a unitary group entities that have no connection to Oregon; attributes returns and allowances to the year they occur; clarifies the 35% subtraction calculation; reduces penalties to 5% and adds a safe harbor; extends the 80% threshold for quarterly payments through tax year 2021; adds a use tax reference to certain fees and taxes that are excluded; excludes crop insurance payments; excludes certain dairy sales of milk; provides an alternative definition of 'cost inputs' for certain farm businesses; 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. Effective the 91st day following sine die.

*REVENUE: Has revenue impact*

*FISCAL: Has minimal fiscal impact*

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

The Corporate Activity Tax was enacted by the 2019 Legislature. It is a 0.57% tax on commercial activity in Oregon. The intent of this bill is to make technical modifications along with a few policy clarifications to the newly enacted tax. Initial estimated payments - for the first quarter of 2020 - were due in April for businesses that had reached the tax filing threshold. Estimated payments for the second and third quarters are due in July and October.