

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
80th Oregon Legislative Assembly
2020 1st Special Session
Legislative Revenue Office

Bill Number: HB 4202
Revenue Area: Corporate Activity Tax
Economist: Chris Allanach
Date: 6-24-2020

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

Measure Description:

Makes changes to the Corporate Activity Tax (CAT). Contains technical clarifications that have no revenue impact and policy clarifications that are expected to have some revenue impact. Clarifies that manufactured dwelling park nonprofit cooperatives are not subject to the tax. Clarifies how the 35 percent subtraction is calculated. Excludes crop insurance payments and certain dairy sales of milk. Provides for an alternative definition of 'cost inputs' for certain farm businesses. Extends the 80 percent threshold for quarterly payments for an additional year. 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):

	Biennium		
	2019-21	2021-23	2023-25
Student Success Fund	-\$0.9	-\$1.0	-\$1.0

Impact Explanation:

The estimated revenue impacts are driven by the crop insurance, dairy, and 'cost inputs' 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 change in the definition of 'cost inputs' is expected to have some revenue impact. Similarly, the changes pertaining to farmer exports may have some impact, given the potential use of industry averages, but the changes are consistent with the original policy intent.

Creates, Extends, or Expands Tax Expenditure: Yes No