

HB 4202 STAFF MEASURE SUMMARY
Joint Committee On The First Special Session of 2020

Carrier: Rep. Nathanson

Action Date: 06/24/20

Action: Do Pass.

House Vote

Yeas: 7 - Bynum, Drazan, Holvey, Lewis, Salinas, Speaker Kotek, Stark

Senate Vote

Yeas: 7 - Burdick, Frederick, Girod, Knopp, President Courtney, Prozanski, Thatcher

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

Prepared By: Christopher Allanach, Legislative Revenue Officer

Meeting Dates: 6/24, 6/24

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 percent subtraction calculation; reduces penalties to 5 percent and adds a safe harbor; extends the 80 percent 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; and 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. Takes effect 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Measure history during the 2019 and 2020 legislative sessions
- Unitary groups with affiliates not doing business in Oregon
- Modifications requested by agricultural stakeholders
- Liquor store concerns regarding sales commission inclusion and liquor pricing constraints
- Proposed amendment content and process

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Corporate Activity Tax was enacted by the 2019 Legislative Assembly. It is a 0.57 percent 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.