

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

**Carrier:** Sen. Hass

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**Action Date:** 06/24/20

**Action:** Do pass.

**Senate Vote**

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

**House Vote**

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

**Fiscal:** Has minimal fiscal impact

**Revenue:** Revenue impact issued

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

**Meeting Dates:** 6/24, 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 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.