

# House Bill 2142

Sponsored by Representative BOSHART DAVIS (Presession filed.)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Adds processor to types of entities from which taxpayer engaged in farming operation may obtain certification stating percentage of in-state agricultural commodity sold to entity, in order to determine taxpayer's commercial activity for purposes of corporate activity tax.

Applies to tax years beginning on or after January 1, 2024.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to determination of commercial activity of taxpayer engaged in farming operation; creating  
3 new provisions; amending ORS 317A.102; and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 317A.102 is amended to read:

6 317A.102. (1) As used in this section:

7 (a)(A) "Agricultural commodity" includes all agricultural, horticultural, viticultural and vegeta-  
8 ble products produced in this state, including bees and honey.

9 (B) "Agricultural commodity" does not include timber or timber products.

10 (b) "Broker" means any person, other than a dealer, commission merchant or cash buyer, that  
11 negotiates the purchase or sale of any agricultural commodity but does not handle the agricultural  
12 commodity.

13 (c) "Farming operation" means an entity doing business in a sector described under codes 111,  
14 112 or 115 of the North American Industry Classification System.

15 (2) A taxpayer that is engaged in a farming operation that sells agricultural commodities to a  
16 broker, **processor** or wholesaler may demonstrate the percentage of the taxpayer's goods sold in  
17 this state compared to outside this state, for purposes of determining commercial activity, by:

18 (a) Obtaining, from the broker, **processor** or wholesaler receiving an agricultural commodity  
19 from the taxpayer, a certificate that states the percentage; or

20 (b) Using an industry average percentage, for sales of the agricultural commodity made the  
21 previous tax year, that is based on the most recent information from the United States Department  
22 of Agriculture National Agricultural Statistics Service and other sources of sales information.

23 **SECTION 2. The amendments to ORS 317A.102 by section 1 of this 2023 Act apply to tax**  
24 **years beginning on or after January 1, 2024.**

25 **SECTION 3. This 2023 Act takes effect on the 91st day after the date on which the 2023**  
26 **regular session of the Eighty-second Legislative Assembly adjourns sine die.**

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**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.