

**SB 61 STAFF MEASURE SUMMARY**

**Senate Committee On Finance and Revenue**

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**Prepared By:** Jonathan Hart, Economist

**Meeting Dates:** 2/8

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**WHAT THE MEASURE DOES:**

Creates Corporate Activity Tax exemption for receipts from the sale of prescription drugs by a pharmacy. Applies to tax years beginning on or after January 1, 2024. Takes effect 91 days following adjournment sine die.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

Currently, commercial activity from prescription drugs is generally taxable under Oregon's Corporate Activity Tax (CAT) unless a specific exemption is in statute for either the commercial activity or the business receiving payment for the activity. Oregon statutes currently define several relevant entities that are not subject to the CAT, including nonprofits (e.g., 501(c) corporations), government providers, as well as hospitals and other providers subject to Oregon medical provider taxes. Additionally, receipts of residential care facilities and in-home care agencies received as compensation for providing service to a medical assistance or Medicare recipient are currently excluded.

This bill would expand CAT exemption for sales of prescription drugs to make sales at all pharmacies exempt.