REVENUE IMPACT OF PROPOSED LEGISLATION

Seventy-Seventh Oregon Legislative Assembly
2013 Regular Session
Legislative Revenue Office

Bill Number: HB 2059-MR
Revenue Area: Corporate Income Tax
Economist: Paul Warner
Date: 6-3-13

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description: Makes modifications to HB 4200 approved in the December 2012 Special Session. Removes specific investment and employment size requirements and makes them subject to negotiations between the Governor and a corporate taxpayer. Under HB 4200, the Governor is authorized to contractually obligate the state for a set time period to apportion a corporation's net income under a single sales factor apportionment formula regardless of any future changes in state apportionment law. HB 2059-MR also removes the current January 1, 2014 sunset on the Governor's authority to enter into agreements. The bill further regulates certain consignment sales.

Revenue Impact (in $Millions):

There is no direct revenue impact from the minority report to HB 2059A under current law. A revenue impact would only occur if a future Legislature changed the state's apportionment formula to one that uses other factors such as payroll or property. In that case the state would not be able to collect additional revenue beyond what would result from using the single sales apportionment formula from those corporations who have entered into contracts.

Impact Explanation:

The measure removes investment and employment size requirements before the Governor can enter into a special agreement with a corporate taxpayer. This provision, along with elimination of the sunset, is expected to expand the number of potential contracts. Under Chapter 1, Oregon Laws 2012 (special session), corporations that enter into an agreement negotiated with the State of Oregon "may rely on the single sales factor method of apportionment to apportion their business income for each tax year of the taxpayer that ends during the term of the qualifying investment." The corporations expected to benefit from such an agreement are those that apportion income (tax liability in multiple states), have limited sales in Oregon and have extensive property and payroll in the state.

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