

# D R A F T

## SUMMARY

Increases corporate minimum tax imposed on S corporations with Oregon sales that exceed certain amount. Applies to tax years beginning on or after January 1, 2018.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

Relating to corporate minimum tax; creating new provisions; amending ORS 317.090; prescribing an effective date; and providing for revenue raising that requires approval by a three-fifths majority.

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

**SECTION 1.** ORS 317.090 is amended to read:

317.090. (1) As used in this section:

(a) “Oregon sales” means:

(A) If the corporation apportions business income under ORS 314.650 to 314.665 for Oregon tax purposes, the total sales of the taxpayer in this state during the tax year, as determined for purposes of ORS 314.665;

(B) If the corporation does not apportion business income for Oregon tax purposes, the total sales in this state that the taxpayer would have had, as determined for purposes of ORS 314.665, if the taxpayer were required to apportion business income for Oregon tax purposes; or

(C) If the corporation apportions business income using a method different from the method prescribed by ORS 314.650 to 314.665, Oregon sales as defined by the Department of Revenue by rule.

(b) If the corporation is an agricultural cooperative that is a cooperative organization described in section 1381 of the Internal Revenue Code, “Oregon

1 sales” does not include sales representing business done with or for members  
2 of the agricultural cooperative.

3 (2) Each corporation or affiliated group of corporations filing a return  
4 under ORS 317.710 shall pay annually to the state, for the privilege of car-  
5 rying on or doing business by it within this state, a minimum tax as follows:

6 (a) If Oregon sales properly reported on a return are:

7 (A) Less than \$500,000, the minimum tax is \$150.

8 (B) \$500,000 or more, but less than \$1 million, the minimum tax is \$500.

9 (C) \$1 million or more, but less than \$2 million, the minimum tax is  
10 \$1,000.

11 (D) \$2 million or more, but less than \$3 million, the minimum tax is  
12 \$1,500.

13 (E) \$3 million or more, but less than \$5 million, the minimum tax is  
14 \$2,000.

15 (F) \$5 million or more, but less than \$7 million, the minimum tax is  
16 \$4,000.

17 (G) \$7 million or more, but less than \$10 million, the minimum tax is  
18 \$7,500.

19 (H) \$10 million or more, but less than \$25 million, the minimum tax is  
20 \$15,000.

21 (I) \$25 million or more, but less than \$50 million, the minimum tax is  
22 \$30,000.

23 (J) \$50 million or more, but less than \$75 million, the minimum tax is  
24 \$50,000.

25 (K) \$75 million or more, but less than \$100 million, the minimum tax is  
26 \$75,000.

27 (L) \$100 million or more, the minimum tax is \$100,000.

28 (b) If a corporation is an S corporation, the minimum tax is [~~\$150~~] **\$1,000**  
29 **if Oregon sales properly reported on a return exceed \$25 million, and**  
30 **\$150 for all other S corporations.**

31 (3) The minimum tax is not apportionable (except in the case of a change

of accounting periods), is payable in full for any part of the year during which a corporation is subject to tax, and may not be reduced, paid or otherwise satisfied through the use of any tax credit.

**SECTION 2.** ORS 317.090, as amended by section 44, chapter 701, Oregon Laws 2015, is amended to read:

317.090. (1) As used in this section:

(a) “Oregon sales” means:

(A) If the corporation apportions business income under ORS 314.650 to 314.665 for Oregon tax purposes, the total sales of the taxpayer in this state during the tax year, as determined for purposes of ORS 314.665;

(B) If the corporation does not apportion business income for Oregon tax purposes, the total sales in this state that the taxpayer would have had, as determined for purposes of ORS 314.665, if the taxpayer were required to apportion business income for Oregon tax purposes; or

(C) If the corporation apportions business income using a method different from the method prescribed by ORS 314.650 to 314.665, Oregon sales as defined by the Department of Revenue by rule.

(b) If the corporation is an agricultural cooperative that is a cooperative organization described in section 1381 of the Internal Revenue Code, “Oregon sales” does not include sales representing business done with or for members of the agricultural cooperative.

(2) Each corporation or affiliated group of corporations filing a return under ORS 317.710 shall pay annually to the state, for the privilege of carrying on or doing business by it within this state, a minimum tax as follows:

(a) If Oregon sales properly reported on a return are:

(A) Less than \$500,000, the minimum tax is \$150.

(B) \$500,000 or more, but less than \$1 million, the minimum tax is \$500.

(C) \$1 million or more, but less than \$2 million, the minimum tax is \$1,000.

(D) \$2 million or more, but less than \$3 million, the minimum tax is \$1,500.

(E) \$3 million or more, but less than \$5 million, the minimum tax is \$2,000.

(F) \$5 million or more, but less than \$7 million, the minimum tax is \$4,000.

(G) \$7 million or more, but less than \$10 million, the minimum tax is \$7,500.

(H) \$10 million or more, but less than \$25 million, the minimum tax is \$15,000.

(I) \$25 million or more, but less than \$50 million, the minimum tax is \$30,000.

(J) \$50 million or more, but less than \$75 million, the minimum tax is \$50,000.

(K) \$75 million or more, but less than \$100 million, the minimum tax is \$75,000.

(L) \$100 million or more, the minimum tax is \$100,000.

(b) If a corporation is an S corporation, the minimum tax is [~~\$150~~] **\$1,000 if Oregon sales properly reported on a return exceed \$25 million, and \$150 for all other S corporations.**

(3) The minimum tax is not apportionable (except in the case of a change of accounting periods), and is payable in full for any part of the year during which a corporation is subject to tax.

**SECTION 3. (1) The amendments to ORS 317.090 by section 1 of this 2017 Act apply to tax years beginning on or after January 1, 2018, and before January 1, 2021.**

**(2) The amendments to ORS 317.090 by section 2 of this 2017 Act apply to tax years beginning on or after January 1, 2021.**

**SECTION 4. This 2017 Act takes effect on the 91st day after the date on which the 2017 regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**