

SB 207 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 3/5, 4/11

WHAT THE MEASURE DOES:

Changes method of determining which members of a unitary group are included in the numerator of the apportionment factor. Moves Oregon from a Joyce method to Finnigan method. Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- History of current apportionment and unitary group treatment
- Tax planning strategies under current Joyce method

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Joyce and Finnigan are two methods of apportioning income earned by corporations operating in multiple states and filing taxes as a unitary group. Under the Joyce method of apportionment, the taxable status of each entity within the unitary group is considered separately. Alternatively, the Finnigan method considers all members of the unitary group taxable if at least one member is taxable within the state. Once taxable status is determined under either approach, the sales of all taxable corporations are used in the numerator of the single sales apportionment factor.