

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
80th Oregon Legislative Assembly
2020 Regular Session
Legislative Revenue Office

Bill Number:	HB 4009 - A
Revenue Area:	Corporate Activity Tax
Economist:	Chris Allanach
Date:	2-21-20

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

Makes changes to the Corporate Activity Tax (CAT). Contains technical clarifications that have no revenue impact or policy clarifications that are expected to have some revenue impact but generally align with the intent and estimates of the original legislation enacted in 2019. Clarifies that all tax refunds are not commercial activity and that manufactured dwelling park nonprofit cooperatives are not subject to the tax. Clarifies that taxpayers need to register for the tax only once rather than annually, as well as how the subtraction is calculated. Excludes crop insurance payments and certain dairy sales of milk. Provides for farming operations an alternative to the cost-of-goods-sold (COGS) calculation equal to operating expenses other than labor costs. Extends the 80 percent threshold for quarterly payments for an additional year. Allows farmers to either (1) receive a certificate detailing the portion of their product that is exported, or (2) apply an industry average to estimate exports of their product.

Revenue Impact (in \$Millions):

	Biennium		
	2019-21	2021-23	2023-25
Student Success Fund	-\$1.0	-\$1.1	-\$1.2

Impact Explanation:

The estimated revenue impacts are driven by the crop insurance, dairy, and COGS changes. The estimated impact from crop insurance payments is based on average historical data reported by the USDA. The estimated impact for dairy farms is based on recent tax year information provided by the industry. The alternative calculation to COGS also is expected to have some revenue impact. Similarly, the certifications regarding co-mingled commodities may have some impact, given the potential use of industry averages, but is largely consistent with the original policy intent.

Creates, Extends, or Expands Tax Expenditure: Yes No