



**Date: May 17, 2021**

**To: Chair and Members of the Senate Finance and Revenue Committee**

**Re: Oregon SB 164 -10/-11**

**Position: Support**

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The American Property Casualty Insurance Association (APCIA) welcomes the opportunity to provide comments on the amendments to SB 164, which provide amendments to Oregon's Corporate Activity Tax (CAT). APCIA is the primary national trade association for home, auto, and business insurers. APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers, with a legacy dating back 150 years. APCIA members represent all sizes, structures, and regions—protecting families, communities, and businesses in the U.S. and across the globe.

APCIA supports the -10 and -11 amendments to SB 164. These amendments clarify that Oregon's "in lieu" provision (ORS 731.840) applies for purposes of the CAT and that out-of-state insurers are "excluded persons" that are not subject to the CAT.

Oregon's "in lieu" provision, ORS 731.840, provides that Oregon's corporate excise tax and retaliatory tax are imposed in lieu of all other state taxes on out-of-state insurers, unless there is a specific exception in the ORS 731.840. Although ORS 731.840 does not have an exception for the CAT, the Department of Revenue has proposed regulations asserting that the "in lieu" provision does not apply for purposes of the CAT, so out-of-state insurers must pay the CAT. This interpretation could have a serious negative impact on Oregon-based insurance companies through retaliatory taxation in other states. Retaliatory taxes are imposed by 49 states and DC on out-of-state insurers that are based in states with a higher aggregate tax burden on out-of-state companies. Oregon's "in lieu" provision is designed to mitigate the retaliatory impact on Oregon-based insurers by placing a cap on the taxes that Oregon may levy against out-of-state insurers. By disregarding the "in lieu" provision for purposes of the CAT, Oregon-based companies will face increasing retaliatory taxes in other states as a result of the CAT.

**For those reasons, APCIA supports the -10 and -11 amendments to SB 164 and requests that the Senate Finance and Revenue Committee approve this legislation.**

Sincerely,

A handwritten signature in black ink that reads "Denneile Ritter". The signature is written in a cursive, flowing style.

**Denneile Ritter**

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