

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
82nd Oregon Legislative Assembly  
2023 Regular Session  
Legislative Revenue Office

**Bill Number:** HB 2073 - 2  
**Revenue Area:** Corporate Activity Tax  
**Economist:** Jonathan Hart  
**Date:** 05/30/2023

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

**Measure Description:**

Specifies that when dealers sell specified items of precious metal, the cost paid by the dealer for the items is excluded from commercial activity subject to the Corporate Activity Tax. Creates exclusion from Corporate Activity Tax for agricultural commodities sold to a processor for out-of-state sale. Allows taxpayers to determine excluded commercial activity for agricultural products sold to processors based on a certificate received from the processor stating the percentage sold out-of-state, or by using an industry average percentage for the commodity from the previous year. Specifies that these two provisions take effect for tax years beginning on or after January 1, 2024.

**Revenue Impact (in \$Millions):**

Fund for Student Success	Fiscal Year		Biennium		
	2023-24	2024-25	2023-25	2025-27	2027-29
Precious Metals	-\$0.0	-\$0.1	-\$0.1	-\$0.2	-\$0.3
Sales to Agricultural Processor	-\$0.0	-\$0.1	-\$0.1	-\$0.2	-\$0.2
<b>Total</b>	<b>-\$0.0</b>	<b>-\$0.2</b>	<b>-\$0.2</b>	<b>-\$0.4</b>	<b>-\$0.5</b>

**Impact Explanation:**

The measure excludes the cost of precious metal sold from the definition of commercial activity subject to the Corporate Activity Tax (CAT). This does not exempt the full transaction amount for sales of precious metals, as the difference between the cost to the dealer and the selling price would remain subject to tax. For this provision, the revenue impact is based on published estimates of similar exemptions granted in other states for sales tax, and for Washington’s Business and Occupations Tax. Estimates have been adjusted for changes in price levels of precious metals. Future growth in the exclusion is estimated based on prices reflected in precious metals futures contract prices.

The measure creates an exclusion for farmer sales to agricultural processors based on the percentage the processor sells out of state. Many activities that would be exempted by this measure already fall under existing exemptions, such as sales to brokers, wholesalers, retail and wholesale grocery sales, dairy farmer sales of fluid milk, farmer sales to agricultural co-ops, and the first \$1 million of sales for each CAT taxpayer. The estimated revenue impact of this provision is for potential newly exempt sales. It is based on farm sales statistics from the US Department of Agriculture, as well as Corporate Activity Tax returns for tax year 2020.

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**Creates, Extends, or Expands Tax Expenditure: Yes  No**

The policy purpose of the precious metals exemption is to create more equitable tax treatment between precious metals purchased as investments or used as a medium of exchange and similar assets such as stocks, bonds, and cash.

The policy purpose of allowing farmers to exclude specified sales to processors is to support Oregon farm sales of agricultural products to in-state processors.