

SB 140 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Prepared By: Jonathan Hart, Economist

Meeting Dates: 6/1

WHAT THE MEASURE DOES:

Requires Legislative Revenue Officer to study the Corporate Activity Tax and report findings to interim revenue committee by September 15, 2024. Takes effect 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The 2019 Legislature passed the Student Success Act thereby creating the Corporate Activity Tax as a dedicated source of education funding. It is based on commercial activity in Oregon conducted by businesses. The tax is \$250 plus 0.57% on taxable commercial activity above \$1 million. Taxpayers are allowed a subtraction equal to 35 percent of the greater of input costs or labor costs.

Key Parameters

- Threshold: \$1 million
- Subtraction: 35% of either Cost-of-goods-Sold or Employee Labor Costs
- Selected Exclusions: wholesale and retail sale of groceries, motor fuel
- Tax: \$250 + 0.57% of commercial activity above \$1 million