

House Bill 3508

Sponsored by Representative CHAICHI

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires publicly traded corporation to deliver each year to Secretary of State for filing statement that identifies corporation and provides information about corporation's income, sales, tax liabilities and other information. Provides that information in statement is public record that Secretary of State must make available to public by means of keyword searchable database accessible by Internet. Specifies date by which Secretary of State may make information available.

Provides that for violation of Act Secretary of State may impose civil penalty in amount equivalent to not more than lesser of \$1 million or 0.25 percent of corporation's gross sales in this state.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to disclosures of information about publicly traded corporations in this state; and pre-
3 scribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Section 2 of this 2023 Act is added to and made a part of ORS chapter 317.**

6 **SECTION 2. (1) As used in this section:**

7 (a) **"Affiliate" means a corporation, nonprofit corporation, limited liability company,**
8 **partnership, limited partnership, limited liability partnership, professional corporation, busi-**
9 **ness trust or cooperative that controls, is controlled by or is under common control with a**
10 **subject corporation, whether or not the corporation, nonprofit corporation, limited liability**
11 **company, partnership, limited partnership, limited liability partnership, professional corpo-**
12 **ration, business trust or cooperative is subject.**

13 (b) **"Subject corporation" means a corporation the securities of which are traded on an**
14 **established securities market such as the New York Stock Exchange, the American Stock**
15 **Exchange, the Midwest Stock Exchange, the Pacific Stock Exchange, the NASDAQ Stock**
16 **Market or any other exchange or market that the Secretary of State, in consultation with**
17 **the Director of the Department of Consumer and Business Services, designates by rule as**
18 **an established securities market.**

19 (2) **A subject corporation that must file an income tax or excise tax return under this**
20 **chapter or under ORS chapter 318, and all affiliates and subsidiaries of the subject corpo-**
21 **ration that must file an income tax or excise tax return under this chapter or under ORS**
22 **chapter 318, each year shall deliver to the Secretary of State for filing the statement de-**
23 **scribed in subsection (3) of this section not later than the date each year on which the sub-**
24 **ject corporation, affiliate or subsidiary must submit an income tax or excise tax return**
25 **under this chapter or under ORS chapter 318.**

26 (3) **The Secretary of State by rule shall specify the form, format and contents of the**
27 **statement required under subsection (2) of this section and may require or permit electronic**
28 **delivery of the statement. At a minimum, the statement must:**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (a) Identify the subject corporation and the subject corporation's registered agent by
 2 name, list the street address of the subject corporation's principal executive office and of the
 3 subject corporation's registered agent and specify the primary business in which the subject
 4 corporation engages;

5 (b) Specify the North American Industry Classification System Code that describes the
 6 subject corporation's primary business;

7 (c) List the names and street addresses of each of the subject corporation's affiliates and
 8 of any persons that own or control, directly or indirectly, more than 50 percent of the voting
 9 shares of the subject corporation; and

10 (d) Include information from income tax or excise tax returns the subject corporation
 11 files under this chapter or under ORS chapter 318, from a consolidated return that includes
 12 tax information about the subject corporation or from other sources when necessary, which
 13 at a minimum discloses:

14 (A) The subject corporation's federal taxable income and taxable income in this state;

15 (B) The apportionment percentages the subject corporation used to calculate the subject
 16 corporation's taxable income in this state, with each apportionment percentage the subject
 17 corporation used for property, payroll and sales that were subject to taxation in this state;

18 (C) All additions and subtractions the subject corporation claimed, with each addition or
 19 subtraction individually identified;

20 (D) Any net operating loss deductions the subject corporation reported;

21 (E) The subject corporation's total tax liability in this state before credits and de-
 22 ductions;

23 (F) All tax credits the subject corporation claimed, including credits carried forward from
 24 previous tax years;

25 (G) All deductions the subject corporation reported for fees the subject corporation paid
 26 to an affiliate, other than an affiliate included in a consolidated return that discloses fees
 27 and the names and domiciles of fee recipients, for management services, royalties, interest,
 28 licenses or similar compensation for the use of intangible property;

29 (H) The total amount of income tax and excise tax due from the subject corporation for
 30 the tax year specified in the submission to the Secretary of State;

31 (I) The total income the subject corporation derived from property, sales and interest in
 32 this state; and

33 (J) The total amount of wages and other compensation the subject corporation paid to
 34 residents of this state.

35 (4) The chief executive officer, chief operating officer or an officer with equivalent re-
 36 sponsibilities shall attest in a signed writing to the accuracy of the statement the subject
 37 corporation delivers to the Secretary of State for filing under this section.

38 (5) A subject corporation that delivers the statement described in subsection (3) of this
 39 section may submit additional information that in the subject corporation's sole judgment
 40 will aid in proper interpretation of the information the subject corporation submits in the
 41 statement.

42 (6) If a subject corporation files an amended income tax or excise tax return, or if the
 43 subject corporation's tax liability for a tax year changes as a result of an uncontested audit
 44 adjustment or a final determination of the Oregon Tax Court, the Oregon Court of Appeals
 45 or the Oregon Supreme Court, the subject corporation shall deliver a revised version of the

1 statement described in subsection (3) of this section to the Secretary of State for filing
2 within 60 calendar days after the date on which the subject corporation files the amended
3 return or after the date of the court's final determination.

4 (7) The Department of Revenue may audit any statement a subject corporation delivers
5 to the Secretary of State for filing under this section.

6 (8)(a) A statement that a subject corporation delivers to the Secretary of State for filing
7 under this section is a public record subject to disclosure under ORS 192.311 to 192.478. In
8 addition to providing for disclosure of a specific record upon request, as provided in para-
9 graph (b) of this subsection the Secretary of State shall make all information the Secretary
10 of State receives in the statement described in subsection (3) of this section available to the
11 public on an ongoing basis by means of a keyword searchable electronic database that is ac-
12 cessible from the Secretary of State's website.

13 (b) Notwithstanding disclosure requirements that apply to public records under ORS
14 192.311 to 192.478, the Secretary of State may not make information from a statement de-
15 scribed in subsection (3) of this section available in accordance with paragraph (a) of this
16 subsection before the first day of the third calendar year following the date on which the
17 subject corporation delivers the statement to the Secretary of State for filing.

18 (9)(a) The Secretary of State may impose a civil penalty on a subject corporation for a
19 violation of this section in an amount that is equivalent to not more than the lesser of:

20 (A) \$1 million; or

21 (B) 0.25 percent of the subject corporation's gross sales in this state.

22 (b) The Secretary of State shall list on the Secretary of State's website the name of any
23 subject corporation on which the Secretary of State imposes a civil penalty under this sub-
24 section.

25 (10) The Secretary of State may adopt rules to implement the provisions of this section.

26 SECTION 3. Section 2 of this 2023 Act applies to the 2023 tax year and all subsequent tax
27 years.

28 SECTION 4. (1) Section 2 of this 2023 Act becomes operative on January 1, 2024.

29 (2) The Secretary of State may adopt rules and take any other action before the operative
30 date specified in subsection (1) of this section that is necessary to enable the Secretary of
31 State, on and after the operative date specified in subsection (1) of this section, to undertake
32 and exercise all of the duties, functions and powers conferred on the Secretary of State by
33 section 2 of this 2023 Act.

34 SECTION 5. This 2023 Act takes effect on the 91st day after the date on which the 2023
35 regular session of the Eighty-second Legislative Assembly adjourns sine die.

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