

Background

In 2019, Oregon’s Corporate Activity Tax (CAT) was created in House Bill 3427 with a few technical modifications adopted in House Bill 2164.

Additional technical modifications and policy clarifications have been made by House Bill 4202 (2020 1st Special Session) and SB 164 (2021).

The Senate Bill 140 -3 amendment proposes to make a variety of changes to the core requirements of the CAT. The amendment will increase the filing threshold from \$1 million to \$2 million of total commercial activity in Oregon. It also creates a two-tiered tax rate structure based on the amount of a business’ taxable commercial activity. It adds two new exclusions for receipts from the administration or dispensing of medication in a clinical setting other than a hospital and for reimbursement amounts received for health care provided to medical assistance recipients, Medicare and Medicaid recipients, and PEBB, OEBC, CHIP or Department of Defense TRICARE members.

Administrative Concern

Section 1 of the -3 amendment adds a new exclusion for the “administration or dispensing of medications in a clinical setting other than a hospital.” The terms “medication” and “clinical setting” are not defined in CAT statutes. It is unclear whether “medication” is to be limited to prescription medications or include more broadly over-the-counter medicines. It is also unclear what is a “clinical setting” for purposes of this exclusion.

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