

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 were made during the 2020 1st Special Session and 2021, 2022 and 2023 Regular Sessions.

SB 1542 Introduced

The Senate Bill will create a new exclusion from corporate activity tax for amounts healthcare providers receive as reimbursement for provider services from government-funded programs.

The bill would also increase the filing threshold from \$1 million to \$5 million of total commercial activity in Oregon.

Administrative Concerns

The new exclusion for provider services reimbursement from government-funded programs will likely be subject to the automatic six-year sunset for tax expenditures prescribed in ORS 315.037. If a different applicability period for the exclusion is intended, an amendment is necessary to state the desired applicability period.

Separate from the filing threshold, a person with commercial activity that is less than \$750,000 in the tax year is excluded from requirements to register, file, or pay corporate activity tax. The definition of excluded person in ORS 317A.100(4)(j) needs to be amended to align with the filing threshold. The registration requirement in ORS 317A.131 could be deleted entirely or amended to align with the filing threshold.

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