

## **SB 123 -1 STAFF MEASURE SUMMARY**

### **Senate Committee On Finance and Revenue**

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**Prepared By:** Michael Doughty, Economist

**Meeting Dates:** 6/9

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#### **WHAT THE MEASURE DOES:**

Requires the Legislative Revenue Officer to study the Corporate Activity Tax. Directs the legislative Revenue Officer to submit findings to interim committees related to revenue no later than December 1, 2026.

#### **ISSUES DISCUSSED:**

#### **EFFECT OF AMENDMENT:**

-1 Repeals the content of the bill.

Modifies the Corporate Activity Tax definition of an "eligible pharmacy" that excludes prescription drug sales receipts from commercial activity. Defines "eligible pharmacy" as a pharmacy with at least one but fewer than 10 locations or a critical access pharmacies as defined by the Oregon Health Authority. Applies to tax years beginning on or after January 1, 2026. Removes the sunset from the exclusion. Takes effect 91 days following adjournment sine die.

#### **BACKGROUND:**

The Corporate Activity Tax was enacted by the 2019 Legislature and taxes Oregon commercial activity. The tax is imposed on commercial activity greater than \$1,000,000 after exclusions and subtractions. The tax is 0.57% of taxable commercial activity plus a base tax of \$250. Currently, retail sales receipts from pharmacies with 9 or few locations are exempt from the Corporate Activity Tax. This exclusion is set to sunset January 1, 2026.