

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
83rd Oregon Legislative Assembly  
2025 Regular Session  
Legislative Revenue Office

<b>Bill Number:</b>	<b>Corrected SB 123 - 1</b>
<b>Revenue Area:</b>	<b>Corporate Activity Tax</b>
<b>Economist:</b>	<b>Michael Doughty</b>
<b>Date:</b>	<b>06/07/2025</b>

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

**Measure Description:**

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 pharmacy as defined by the Oregon Health Authority. Applies to all tax years beginning on or after January 1, 2026. Removes the sunset from the subcontractor subtraction.

**Revenue Impact (in \$Millions):**

Fund for Student Success	Fiscal Year		Biennium		
	2025-26	2026-27	2025-27	2027-29	2029-31
Eligible Pharmacy Exclusion	-\$1.0	-\$5.0	-\$6.0	-\$11.5	-\$12.7
Subcontractor Exclusion	-\$0.2	-\$1.0	-\$1.2	-\$2.4	-\$2.6
Total	-\$1.2	-\$6.0	-\$7.2	-\$13.9	-\$15.3

**Impact Explanation:**

The estimate uses Oregon Department of Revenue tax return data to establish base year estimates. The pharmacy exclusion growth rate is based on Keizer Family Foundation projections of retail prescription drugs sales growth. The subcontractor subtraction growth rate is based on the Oregon Office of Economic Analysis Corporate Activity Tax forecast growth rate.

**Creates, Extends, or Expands Tax Expenditure:** Yes ☒ No ☐

The policy purpose of the eligible pharmacy exclusion is to prevent the closure of community pharmacies.

The policy purpose of the subcontractor subtraction is to encourage the employment of subcontractors within the residential construction sector.