

A-Engrossed
Senate Bill 125

Ordered by the Senate June 12
Including Senate Amendments dated June 12

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Finance and Revenue)

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. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act makes payments received for health care services not taxed by the corporate activity tax. (Flesch Readability Score: 63.6).

[Exempts] **Phases in an exemption** from commercial activity subject to corporate activity tax reimbursements for certain health care services, including care provided to medical assistance recipients and to Medicare recipients. Exempts receipts from medications administered or dispensed in a clinical setting other than a hospital.

Applies to tax years beginning on or after January 1, 2026[[]and before January 1, 2032[]].
Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to exemption of health care receipts from corporate activity tax; and prescribing an effective date.

3
4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Section 2 of this 2025 Act is added to and made a part of ORS 317A.100 to**
6 **317A.158.**

7 **SECTION 2. Notwithstanding ORS 317A.100, receipts from the administration or dispensation of medications in a clinical setting other than a hospital are excluded from the definition of commercial activity and are exempt from the tax imposed under ORS 317A.116.**

8
9
10 **SECTION 3. Section 2 of this 2025 Act is amended to read:**

11 **Sec. 2. (1)** Notwithstanding ORS 317A.100, receipts from the administration or dispensation of medications in a clinical setting other than a hospital are excluded from the definition of commercial activity and are exempt from the tax imposed under ORS 317A.116.

12
13
14 **(2) A taxpayer shall subtract from commercial activity an amount equal to 50 percent of the sum of amounts received as reimbursement paid:**

15
16 **(a) For the cost of health care provided to medical assistance recipients under ORS chapter 414;**

17
18 **(b) By the Centers for Medicare and Medicaid Services or by a Medicare Advantage plan for the cost of health care provided to Medicare recipients; or**

19
20 **(c) By the Public Employees' Benefit Board, the Oregon Educators Benefit Board, the Children's Health Insurance Program or the United States Department of Defense, under a TRICARE contract for the cost of health care provided.**

21
22
23 **SECTION 4. Section 2 of this 2025 Act, as amended by section 3 of this 2025 Act, is amended**

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 to read:

2 **Sec. 2.** *[(1) Notwithstanding ORS 317A.100, receipts from the administration or dispensation of*
3 *medications in a clinical setting other than a hospital are excluded from the definition of commercial*
4 *activity and are exempt from the tax imposed under ORS 317A.116.]*

5 *[(2) A taxpayer shall subtract from commercial activity an amount equal to 50 percent of the sum*
6 *of]*

7 **Notwithstanding ORS 317A.100, the following amounts are excluded from the definition**
8 **of commercial activity and are exempt from the tax imposed under ORS 317A.116:**

9 **(1) Receipts from the administration or dispensation of medications in a clinical setting**
10 **other than a hospital.**

11 **(2) Any** amounts received as reimbursement paid:

12 (a) For the cost of health care provided to medical assistance recipients under ORS chapter 414;

13 (b) By the Centers for Medicare and Medicaid Services or by a Medicare Advantage plan for
14 the cost of health care provided to Medicare recipients; or

15 (c) By the Public Employees' Benefit Board, the Oregon Educators Benefit Board, the Children's
16 Health Insurance Program or the United States Department of Defense, under a TRICARE contract
17 for the cost of health care provided.

18 **SECTION 5. (1) Section 2 of this 2025 Act applies to tax years beginning on or after**
19 **January 1, 2026, and before January 1, 2028.**

20 **(2) The amendments to section 2 of this 2025 Act by section 3 of this 2025 Act apply to**
21 **tax years beginning on or after January 1, 2028, and before January 1, 2030.**

22 **(3) Notwithstanding ORS 315.037, the amendments to section 2 of this 2025 Act by section**
23 **4 of this 2025 Act apply to all tax years beginning on or after January 1, 2030.**

24 **SECTION 6. This 2025 Act takes effect on the 91st day after the date on which the 2025**
25 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**

26