

# House Bill 2165

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on 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 **as introduced**.

For purposes of corporate excise tax, includes corporation incorporated in United States or foreign country in determination of unitary relationship among corporations. Requires corporation filing corporate excise tax return to file annual report with Department of Revenue listing jurisdictions in which corporation, subsidiaries or parent corporation does business, and indicating amount of taxable income reported to each jurisdiction during tax year.

Applies to tax years beginning on or after January 1, 2019.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to taxation of multinational corporations; creating new provisions; amending ORS 317.705;  
3 and prescribing an effective date.

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

5 **SECTION 1.** ORS 317.705 is amended to read:

6 317.705. As used in ORS 317.705 to 317.715:

7 (1) "Affiliated group" means an affiliated group of corporations as defined in section 1504 of the  
8 Internal Revenue Code.

9 (2) "Unitary group" means a corporation or group of corporations engaged in business activities  
10 that constitute a unitary business.

11 (3)(a) "Unitary business" means a business enterprise in which there exists directly or indirectly  
12 between the members or parts of the enterprise a sharing or exchange of value as demonstrated by:

13 (A) Centralized management or a common executive force;

14 (B) Centralized administrative services or functions resulting in economies of scale; or

15 (C) Flow of goods, capital resources or services demonstrating functional integration.

16 (b) "Unitary business" may include, but is not limited to, a business enterprise the activities of  
17 which:

18 (A) Are in the same general line of business (such as manufacturing, wholesaling or retailing);  
19 or

20 (B) Constitute steps in a vertically integrated process (such as the steps involved in the pro-  
21 duction of natural resources, which might include exploration, mining, refining and marketing).

22 (c) Whether two or more corporations that are included in the same consolidated federal return  
23 are engaged in a unitary business may be determined by making reference to any corporation that  
24 is:

25 (A) Owned or controlled directly or indirectly by the same interests; **and**

26 (B) **Incorporated in the United States or in a foreign country.**

27 **SECTION 2. Section 3 of this 2019 Act is added to and made a part of ORS 317.705 to**  
28 **317.715.**

**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       **SECTION 3.** Each corporation or affiliated group of corporations filing a return under  
2       **ORS 317.710** shall file annually with the Department of Revenue a list of all jurisdictions in  
3       which the corporation, its subsidiaries or its parent corporation does business, and shall in-  
4       dicate how much taxable income is reported by the corporation, subsidiaries or parent cor-  
5       poration to each jurisdiction during the tax year. The report required under this section shall  
6       be filed on the due date for the return.

7       **SECTION 4.** Section 3 of this 2019 Act and the amendments to ORS 317.705 by section 1  
8       of this 2019 Act apply to tax years beginning on or after January 1, 2019.

9       **SECTION 5.** This 2019 Act takes effect on the 91st day after the date on which the 2019  
10      regular session of the Eightieth Legislative Assembly adjourns sine die.

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