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NOTICE OF PROPOSED RULEMAKING

INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 150
DEPARTMENT OF REVENUE

FILED: 10/28/2026 5:23 PM
ARCHIVES DIVISION SECRETARY OF STATE

FILING CAPTION: Repeal unnecessary rule as penalty waivers can be requested under Discretionary Penalty Waiver rule.

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 12/01/2026 5:00 PM
The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

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Filed By:
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HEARING(S)
Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 12/01/2026
TIME: 9:00 AM
OFFICER: Maribel Luna

REMOTE HEARING DETAILS
MEETING URL: Click here to join the meeting
PHONE NUMBER: 503-446-4951
SPECIAL INSTRUCTIONS:
Join by Teams video: https://teams.microsoft.com/meet/287820800679047?p=yn7qH4yH3hZj1Tvlp7
Meeting ID: 287 820 800 679 047
Passcode: wd68HG3P

Join by phone: 503-446-4951
Conference ID: 604 400 508#

NEED FOR THE RULE(S):

The department adopted Oregon Administrative Rule (OAR) 150-317-1500 in 2020 in response to the Covid-19 pandemic, at the direction of the governor. As part of the normal five-year rule review, it's been determined that most of this rule applied specifically to tax year 2020. Because the department is repealing this rule, Corporate Activity Tax filers can request penalty waivers under OAR 150-305-0068 Discretionary Penalty Waivers.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

Oregon Revised Statutes: 317A.100 – 317A.161 and Oregon Administrative Rule 150-305-0068.

STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT RACIAL EQUITY IN THIS STATE:

The repeal of this rule has no direct impact on racial equity.

FISCAL AND ECONOMIC IMPACT:

There is no direct fiscal or economic impact resulting from the repeal of Oregon Administrative Rule (OAR) 150-317-1500 Good Faith Effort. This rule provides that no penalty will be assessed for tax year 2020 against taxpayers who made a good faith effort to comply with ORS 317A.137(2) and were negatively impacted during the COVID-19 pandemic. The department maintains another rule, OAR 150-305-0068 Discretionary Penalty Waivers, for taxpayers to request penalty waivers.

COST OF COMPLIANCE:
(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

(1) The repeal of this rule will have no impact on state agencies or units of local government. There will be no impact on taxpayers, as an existing rule OAR 150-305-0068 and its associated process already provides a mechanism for requesting a penalty waiver.
(2)(a) All entity types with more than $1 million in commercial activity are required to file a corporate activity tax return. Approximately 44,000 businesses will be subject to the corporate activity tax. Based on this information, we estimate Oregon has approximately 25,000 small businesses with fewer than 50 employees that are subject to corporate activity tax. However, since December 1, 2020, when this rule became effective, fewer than 100 corporate activity filers have requested penalty relief under this rule and of those we estimate 60% were small businesses.
(b) General recordkeeping requirements such as documentation to substantiate inventory, deductions, and credits are already required under both federal and state law. We don't anticipate additional costs for professional services resulting from the repeal of this rule.
(c) None known.

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

The department formed a Rules Advisory Committee, members included tax practitioners representing various industries, representatives from the Oregon Farm Bureau and Oregon Business & Industries. In addition, the department will be notifying interested parties of the rulemaking process including the public hearing prior to adopting these rules as permanent. During the public comment period, interested parties, including small businesses, can provide the department with feedback.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? YES

REPEAL: 150-317-1500

RULE SUMMARY: Repeal unnecessary rule as penalty waivers can be requested under OAR 150-305-0068 Discretionary Penalty Waivers.

CHANGES TO RULE:

~~150-317-1500~~
~~Good Faith Effort~~
~~(1) Good Faith Effort. A taxpayer's good faith effort to comply with ORS 317A.137(2) is demonstrated by the extent of the taxpayer's efforts to accurately estimate and pay the quarterly installment as required under ORS 317A, and OARs 150-317-1300, 150-317-1310, and 150-317-1320.¶~~
~~(a) For tax years beginning on or after January 1, 2020, the following circumstance demonstrates good faith: The taxpayer made a reasonable estimate of the quarterly installment based on information available to the taxpayer at the time the quarterly installment was due.¶~~
~~(b) For the tax year beginning January 1, 2020 and ending before January 1, 2021, the following circumstances demonstrate good faith:¶~~
~~(A) The taxpayer cannot reasonably determine, at the time the quarterly installment is due, whether the taxpayer will have CAT liability for the 2020 tax year, due to the negative impact of COVID-19, after taking into consideration the exclusions and subtractions provided in ORS 317A; ¶~~
~~(B) The taxpayer did not have sufficient funds to pay the required installment for the quarter, due to the impact of the COVID-19 pandemic on the taxpayer's business; or ¶~~
~~(C) The taxpayer cannot reasonably calculate the required quarterly installment or annual tax liability due to the impact of the COVID-19 pandemic on the taxpayer's business. ¶~~
~~(2) The department will not assess the penalty imposed under ORS 317A.161(2) for nonpayment, underpayment, or underreporting of the estimated tax installment for any quarter of tax year 2020 if the taxpayer demonstrates a good faith effort, as defined in Section 1 of this rule, to accurately estimate and pay the quarterly installment required under ORS 317A.137. ¶~~
~~(3) Documentation. The department may require documentary proof to substantiate assertions of good faith. Taxpayers must retain documentation showing good faith effort as defined in section (1). Taxpayers are not required to submit this documentation to the department, unless requested by the department.~~
~~Statutory/Other Authority: ORS 305.100, 317A.143~~
~~Statutes/Other Implemented: ORS 317A.137, 317A.161~~