



**TAPE 17, SIDE A**

005 Chair Butler Calls meeting to order at 1:34 p.m.

**ORIENTATION**

012 Lizbeth Martin-  
Mahar Begins overview presentation of Corporate Excise Tax (Exhibit 1).

018 Martin-Mahar Slide: Net Corporate Excise and Income Payments

045 Martin-Mahar Slide: Corporate Income and Excise Tax Payments

078 Rep. Boquist Asks about growth rate of project management category according to a previous economic forecast.

094 Paul Warner Responds that the numbers on the corporate side actually involve very few companies generating the most tax payments. The number of project management companies is small and therefore shows a small corporate tax return on the chart.

109 Chair Butler Comments about S-type corporation taxes and built-in gains tax.

- 132 Martin-Mahar Slide: Industry Sectors With a Decline
- 143 Martin-Mahar Slide: Industry Sectors' Corp. Estimated Payments
- 153 Martin-Mahar Slide: Business Income Tax Returns
- 192 Martin-Mahar Slide: Business Tax Returns by Income
- 226 Martin-Mahar Slide: Business Income by Business Type
- 250 Martin-Mahar Slide: Business Income Statement (2 slides)
- 330 Martin-Mahar Slide: States Corporate Top Tax Rates
- 350 Martin-Mahar Slide: Total OR Additions and Subtractions
- 393 Martin-Mahar Slide: Total Amount of Corp. Tax Credits Used

473 Martin-Mahar Slide: Corporate Tax Credits Used

**TAPE 18 SIDE A (malfunction)**

**TAPE 17 SIDE B**

002 Rep. Boquist Asks for clarification of source document used for 2002 data in tax credits slide.

015 Martin-Mahar Confirms that data is in the booklet Oregon Corporate and Excise and Income Tax (Exhibit 2).

039 Martin-Mahar Slide: Trends in C Corporations Utilization of Major Tax Credits

052 Martin-Mahar Slide: Trends in C Corporations' Unused Tax Credits

072 Rep. Riley Asks for explanation of unused tax credit.

074 Martin-Mahar Responds that they are non-refundable credits. A credit can only be used to reduce the corporation's tax liability to zero. If there are credits unused, they can be carried forward to the next year.

- 098 Rep. Esquivel Clarification question about research unused credits that have been expanded. Does that mean that different types of businesses have been included in this category or the amount?
- 103 Martin-Mahar Responds that both have been expanded. The definition of research has been expanded to include any businesses that have a research component to it. Previously this category only included high-tech computing.
- 111 Rep. Riley Asks if OR is tied to the federal code regarding the length of time that a business can carry-forward a credit.
- 113 Martin-Mahar Responds that no, OR has different carry-forward provisions than the federal code does.
- 115 Martin-Mahar Continuation of Unused Credit Trends slide.
- 139 Martin-Mahar Slide: Corporate Excise Tax
- 195 Martin-Mahar Slide: Number of C and S Corporations by Industry Type
- 229 Martin-Mahar Slide: C Corporate Tax Returns and Net Tax. Comments that two percent of the returns pay 93% of the tax.

- 263 Rep. Butler Comments that he is surprised about the small amount of credits being used by the largest corporations in OR (refers to graph on page 8 of Exhibit 1).
- 352 Warner Responds that 2002 was a “recession-trough” year, a 48% drop from the prior year. This may explain the increase of credits used. Another issue is that federal deductions are often rolled up into the unused credits category.
- 370 Rep. Hass Clarifies that credits are assessed after the 6.6% OR tax, but items shown in the booklet (Exhibit 2) that are subtractions are actually deductions. This information is not reflected in the slide.
- 394 Martin-Mahar Slide: Top 50 Corporate Taxpayers
- 430 Martin-Mahar Slide: Number of C and S Corporations Paying the Minimum Tax

**TAPE 18 SIDE B**

- 021 Martin-Mahar Slide: Breakdown of C-Corporate Returns by Income
- 058 Martin-Mahar Slide: 2002 Multi-State Corporations

- 082 Martin-Mahar Slide: Oregon Income Taxes. Explains what “nexus” means related to multi-state apportionment.
- 112 Martin-Mahar Slide: Oregon’s Multi-State Corp. Apportionment Formula
- 144 Martin-Mahar Slide: Multi-State Income Apportionment
- 168 Martin-Mahar Slide: State Apportionment Formulas
- 184 Martin-Mahar Slide: Apportioning Business Income
- 204 Rep. Butler Asks if it is possible for a multi-state company to have more than 100% in weighted sales.
- 232 Warner Responds that is it possible to have more than 100% if states have different formulas for property, payroll, and sales.
- 255 Rep. Butler Comments that it would be helpful when legislation comes up for corporate taxation that a representative from the Dept. of Revenue appear before the committee to line out the scenarios of the elements that attract businesses to OR.

- 278 Martin-Mahar Slide: Apportioning Business Income
- 206 Martin-Mahar Slide: Double-Weighted Sales
- 280 Martin-Mahar Slide: Super-Weighted Sales
- 340 Martin-Mahar Slide: Sales Throwback Rule
- 400 Martin-Mahar Slide: Throwback Sales by Industry Sector
- 425 Warner Committee agenda announcements.
- 438 Acting Chair Berger Adjourns meeting at 3:00 p.m.



Tape Log Submitted by:

Reviewed by:

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Kim Taylor James, Committee  
Coordinator

Exhibit Summary:

1. Slide presentation, Lizbeth Martin-Mahar, 17 pps., 01/24/05
2. Booklet: Oregon Corporate Excise and Income Tax, Dept. of Revenue, 38 pp., 2004 edition