

**SENATE REVENUE COMMITTEE**  
**FEBRUARY 6, 2003 1:00 PM STATE CAPITOL BUILDING**

Members Present: Senator Ryan Deckert, Chair  
Senator Ted Ferrioli, Vice Chair  
Senator Tony Corcoran  
Senator Lenn Hannon  
Senator Charlie Ringo  
Senator Bruce Starr

Witness Present: Debra Buchanan, Department of Revenue

Staff Present: Paul Warner, Legislative Revenue Office  
Lizbeth Martin-Mahar, Legislative Revenue Office  
Tara Lantz, Committee Assistant

**TAPE 22, SIDE A**

003	Chair Deckert	Calls meeting to order at 1:10 pm.
007	Lizbeth Martin-Mahar	Briefly outlines presentation: Oregon Income Taxes. Exhibit 1, slide 1.
022	Martin-Mahar	Compares business income tax returns by business type in 1990 and 2000. Exhibit 1, slide 2.
057	Martin-Mahar	Compares number of returns by income and business type in 1990 and 2000. Exhibit 1, slide 3.
094	Martin-Mahar	Compares business income by business type in 1990 and 2000. Exhibit 1, slide 4.
128	Martin-Mahar	Discusses business income statements. Exhibit 1, slides 5-6.
198	Sen. Ringo	Asks about a minimum tax.  Discussion follows.
216	Martin-Mahar	Discusses the range of state corporate income tax rates in 2002. Exhibit 1, slide 7.
252	Sen. Hannon	Asks for further details in state comparisons.  Extensive discussion follows.

**TAPE 23, SIDE A**

047	Martin-Mahar	Discusses corporate tax credits used. Exhibit 1, slide 8.  Questions and answers interspersed.
099	Martin-Mahar	Discusses the corporate excise tax. Exhibit 1, slide 9.
118	Martin-Mahar	Discusses Multi-State C-Corporations percent of total returns and net income from 1990-2000. Exhibit 1, slide 10.

135	Martin-Mahar	Discusses the breakdown of C-Corporate returns by income. Exhibit 1, slide 11.
149	Martin-Mahar	Discusses the breakdown of C-Corporate net income by income. Exhibit 1, slide 12.  Questions and answers follow.
171	Martin-Mahar	Discusses tax returns and net tax in 2000. Exhibit 1, slide 13.
193	Martin-Mahar	Discusses the corporate income and excise tax payments index of 12 month totals. Exhibit 1, slide 14.
254	Martin-Mahar	Discusses industry sectors with a decline greater than \$1 million in corporate payments between July 2001 and November 2002. Exhibit 1, slide 15.
285	Martin-Mahar	Discusses corporate excise tax and multi-state apportionment. Exhibit 1, slide 16.
318	Martin-Mahar	Discusses state apportionment formulas in 2002. Exhibit 1, slides 17-18.
384	Martin-Mahar	Gives simple example of apportioning business income of a multi-state corporation. Exhibit 1, slide 19.

#### **TAPE 22, SIDE B**

027	Martin-Mahar	Gives simple example of apportioning business income using double-weighted sales. Exhibit 1, slide 20.
057	Martin-Mahar	Gives simple example of apportioning business income using super-weighted scales. Exhibit 1, slide 21.
095	Martin-Mahar	Gives simple example of the sales throwback rule. Exhibit 1, slide 22.
162	Debra Buchanan	Briefly outlines presentation: Administrative Issues in the Corporate Tax System. Exhibit 2, slide 1.
172	Debra Buchanan	Discusses jurisdictions to taxing and the concept of "nexus" and gives example. Exhibit 2, slides 2-4.
184	Debra Buchanan	Discusses due process clause and commerce clause and gives example of both. Exhibit 2, slides 5-8.  Questions and answers follow.
234	Debra Buchanan	Discusses P.L. 86-272. Exhibit 2, slide 9.  Questions and answers follow.
280	Debra Buchanan	Discusses what is not protected activity. Exhibit 2, slide 10.
293	Debra Buchanan	Gives examples of what is and is not protected and discusses throwback rule. Exhibit 2, slides 11-12.
319	Debra Buchanan	Discusses unitary versus separate reporting and gives examples of both. Exhibit 2, slides 13-15.
345	Debra Buchanan	Discusses advantages and disadvantages of unitary and separate reporting. Exhibit 2, slides 16-17.

395	Sen. Deckert	Administrative Business.
422	Sen. Ferrioli	Asks about the Comprehensive Annual Financial Report and asks for the Legislative Revenue Office to give presentation on it.  Discussion follows.
510	Sen. Deckert	Adjourns meeting at 2:32 pm.

Tape Log Submitted by,

Tara Lantz, Committee Assistant Reviewed by Kim Taylor James

Exhibit Summary:

1. Lizbeth Martin-Mahar, Corporate Income Taxes, 11pp.
2. Debra Buchanan, Administrative Issues in the Corporate Tax System, 9pp.