

SENATE REVENUE COMMITTEE

January 16, 2001 — 8:30 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Senator Ted Ferrioli, Chair

Senator Lee Beyer, Vice Chair

Senator Susan Castillo

Senator Tony Corcoran

Senator Gary George

Senator John Minnis

Senator Charles Starr

Invited Testimony:: Debra Buchanan, Oregon Department of Revenue

Staff: Paul Warner, Legislative Revenue Officer

Ed Waters, Economist, Legislative Revenue Office

Carol Phillips, Committee Assistant

TAPE 007, SIDE A

- 005 Chair Ferrioli Meeting called to order at 8:35 a.m.
- 011 Paul Warner Outlined what would be covered for the rest of this week. Bills will be discussed January 18 this week.
- 030 Warner Presented further information on a subject mentioned during the January 15, 2001 meeting. A handout was distributed regarding the income tax burden for a family of three in

Oregon compared with other states. Exhibit 1.

Questions and answers interspersed.

- 063 Debra Buchanan Began discussion of Administration of Oregon's Corporate Tax System with Legal Requirements — Nexus, Page 1, lower slide. Exhibit 2.
- 116 Buchanan Discussed Page 2, upper slide: Legal Requirements P.L. 86-272.
- Questions and answers interspersed.
- 162 Buchanan Discussed Page 2, lower slide: Legal Requirements — Commerce Clause.
- 176 Buchanan Discussed Page 3, upper slide: Legal Requirements — Due Process Clause.
- Questions and answers interspersed.
- 264 Buchanan Discussed Page 3, lower slide: Allocation vs. Apportionment.
- 297 Buchanan Discussed Page 4, upper slide: Variations in Apportionment Factors.
- 310 Buchanan Discussed Page 4, lower slide: Unitary Corporations.
- 335 Buchanan Discussed Page 5, upper slide: Uniformity and UDITPA.
- Questions and answers followed.
- 404 Ed Waters Began discussion of Corporate Excise and Other Business Taxes. Discussed Slide 2: Business Tax Returns: 1998. Exhibit 3.

Questions and answers interspersed.

TAPE 008, SIDE A

- 010 Waters Continued discussion of Slide 2.
- 040 Waters Discussed Slide 3: Business Income Statement.
Questions and answers interspersed.
- 068 Waters Discussed Slide 4: Corporate Excise Tax.
General discussion, and many questions and answers interspersed.
- 333 Waters Discussed Slide 5: Corporate Tax Returns.

TAPE 007, SIDE B

- 010 Waters Continuation of Slide 5 discussion.
Questions and answers interspersed.
- 046 Waters Discussed Slide 6: Corporate Income.
- 062 Waters Discussed Slide 7: Corporate Tax.
- 074 Waters Discussed Slide 8: Corporate Tax Credits.
- 103 Waters Discussed Slide 9: Distribution of Corporate Returns & Tax.
Questions and answers interspersed.
- 176 Waters Discussed Slide 10: Oregon Income Taxes.
- 193 Waters Discussed Slide 11: Multi-State Income

Apportionment.

- 217 Waters Discussed Slide12: Apportioning Business Income.
- 246 Waters Discussed Slide 13: Sales Throwback Rule.
Questions and answers interspersed (including audio equipment technical difficulty, causing meeting to be recessed for several minutes).
- 391 Waters Discussed Slide 14: Double-Weighted Sales.
- 421 Waters Discussed Slide 15: Super-Weighted Sales.
Questions and answers interspersed.

TAPE 008, SIDE B

- 019 Waters Continued questions and answers for Slide 15.
- 052 Warner Stated he would prepare some examples for committee members to work with regarding these weighting issues.
- 067 Chair Ferrioli Adjourned meeting at 10:12 a.m.

Submitted by, Reviewed by,

Carol Phillips Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. Warner, By the Numbers, 2 pp.
2. Buchanan, Administration of Oregon's Corporate Tax System, 5 pp.

3. Waters, Oregon Income Taxes, 8 pp.