

LC 21: Corporate Activity Tax Technical Fix

LC 21 contains critical fixes to the Corporate Activity Tax for businesses and the agriculture industry. As drafted, the bill mirrors the language used in [HB 4009A](#) from the 2019 session – with the addition of a new section related to Transient Lodging Tax revenues. A summary of the specific changes are below:

- Agriculture specific changes:
 - Exempts crop insurance policy payments from receipts required to be reported/calculated in your gross receipts
 - Fixes the COGS calculation and certificate options for bulk commodities where in-state and export sales are co-mingled
 - Exempts certain sales by dairy farmers that are not organized as co-ops

- Omnibus business changes:
 - Changes 'business revenue' to 'commercial activity'
 - Clarifies all tax refunds are not commercial activity
 - Exempts Manufactured dwelling park nonprofit cooperatives
 - Ties unrelated business income to the IRC
 - Excludes entities from a unitary group that have no connection to Oregon Returns and allowances are accounted for in the year they occur

Section 13 is new and was included in this Special Session bill for the purposes of allowing local governments the authority to use Transient Lodging Tax revenues to support COVID-19 affected businesses.

If passed, the bill will take effect on the 91st day after adjournment of the Special Session.