

Larry's Tax Law

The Oregon Corporate Gross Receipts Tax May Be Dead – at Least for Now

By Larry Brant on 6.23.17 | Posted in Business Taxes, Corporate Tax, Legislation, Tax Laws

For more than a year, I have been discussing the potential that Oregon lawmakers will pass a corporate gross receipts tax. On [May 26, 2017](#), we discussed recent events that would lead a reasonable person to believe that the dream of a corporate gross receipts tax was definitely alive and well in Oregon. In fact, the passage of it certainly appeared to be gaining steam in the legislature. Maybe that is not the case – at least for now.

Late yesterday, Oregon Democrats announced that they are abandoning any efforts to enact a corporate gross receipts tax this year as they have been unable to garner adequate legislative support to pass such a measure. Article IV, Section 25 of the Oregon Constitution requires a three-fifths majority of all members elected to each house of the legislative assembly to pass bills for raising revenue and that the presiding officer of each respective house sign the bill or resolution. So, it appears a three-fifths vote in favor of a corporate receipts tax in each the house and the senate is not currently attainable.

Per the announcement, it seems that all revenue raising efforts, at least for the remainder of the current legislative session, will be focused on several measures aimed at filling in a few of the many holes in the budget. If Oregon lawmakers truly follow this path, they will not attempt to enact an entirely new tax or even raise current tax rates this legislative session. Given Oregon budgetary issues, however, it is likely that several tax generating measures, stand-alone or inter-mixed among other measures, will surface before the session concludes.

Does this mean that the notion of an Oregon corporate gross receipts tax is completely dead or does it mean that the possibility of a corporate receipts tax in Oregon is temporarily stalled? I think the latter is likely the case. In fact, Governor Kate Brown indicated in a statement yesterday that the focus for the 2019 legislative session will be making structural changes to our tax system to bring balance to our budget. Several lawmakers (e.g., Senator Mark Hass and Representative Mark Johnson) believe a corporate gross receipts tax will cure Oregon's budgetary woes. So, I think it is a safe bet that we will see future attempts to enact a corporate gross receipts tax in Oregon. The lingering question is whether our political climate in 2019 will be any different than it is today – in other words, will a corporate gross receipts tax be received more favorably by lawmakers in 2019?

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Time will tell.

Tags: Governor Kate Brown, gross receipts tax, House Bill 2230 (H.B. 2230), Legislative Concept 3548 (LC 3548), Measure 97, Oregon Constitution, Oregon Tax Laws, Representative Mark Johnson, Senate Joint Resolution 41 (S.J.R. 41), Senator Mark Hass, Tax Planning, Tax Procedure