

Section two focused on corporate tax receipts. Section three provides additional detail on corporate taxpayers based on information from returns.

In this section we first provide a description of how the tax liability is determined. Following this are subsections providing descriptive tables of corporate taxpayers.

Summary of All Corporate Returns

Corporations may file one of five Oregon tax returns depending on their business structure and nature of their business.

- **Form 20, Excise Tax.** Corporations doing business in Oregon file Form 20 and pay the corporation excise tax. The minimum corporation excise tax is \$10.
- **Form 20-I, Income Tax.** Corporations not doing business in Oregon, but with income from one or more Oregon sources, pay the income tax and file Form 20-I. Income tax filers are not subject to a minimum tax.
- **Form 20-S, S Corporation.** An S corporation is one that has chosen to pass net income through to its shareholders for taxation. This election is made with the Internal Revenue Service. S Corporations subject to either the excise or the income tax file Form 20-S. Shareholders must include S corporation income or loss on their personal income tax returns.
- **Form 20-INS, Insurance.** This form is filed by insurance corporations. They pay the excise tax.
- **Form 20-MTC, Multistate Tax Commission (MTC).** Certain corporations whose only activity in Oregon is sales (under \$100,000) and who have no property in Oregon may file Form 20-MTC. This form allows simplified filing for several states.

Oregon law defines a “unitary group” as a corporation or group of corporations engaged in business activities that constitute a single trade or business. If this unitary group files a consolidated federal return, it must also file a consolidated Oregon return, reflecting the activities of all the members.

Exhibit 3.1—Tax Year 2000 Corporation Tax Returns**Type of Return Filed**

Dollars in thousands			
Oregon Tax Form Filed	Number of Returns	Oregon Taxable Income	Oregon Tax
20	35,601	\$5,775,514	\$353,856
20-I	290	\$3,712	\$157
20-S	43,290	\$18,765	\$1,554
20-INS	1,179	\$486,797	\$23,813
MTC	14	Less than \$1	Less than \$1
Total	80,374	\$6,284,788	\$379,380

The sections that follow contain additional detailed information for taxpayers. Section 3C contains summary information for 20-S filers. Section 3D describes 20-I income returns. All other returns, the bulk of the corporate tax, are described in 3B. That section contains information for C corporation excise taxpayers, that is, those filing forms 20, 20-INS, and 20-MTC. It also contains detailed information on income levels, industry groups, credits and other characteristics of these taxpayers.

This section provides detail on excise tax C corporation taxpayers. These taxpayers are “doing business” in Oregon. They must file one of the following tax forms: 20, 20-INS, or 20-MTC. For ease of reading, the sections and exhibits that follow show combined returns from all three return types and present results for all C corporation excise taxpayers.

Summary characteristics are presented for the following types of C corporation excise tax returns:

- **Income groups**
- **NAICS sector**
- **State of commercial domicile**
- **Apportioned returns**
 - Total
 - By industry sector
- **Credit claimants**
 - All credits
 - Additional detail for pollution control
 - Additional detail for research credit
- **Minimum taxpayers**
 - Reason for minimum tax payment
 - By income group
 - By industry sector

Exhibit 3.2 shows the distribution of returns by taxable income category. For purposes of this exhibit, all losses are included with the zero income group. Keep in mind that taxable income and book income are not necessarily the same due to differences in accounting rules. This exhibit shows the concentration of the corporate excise tax—36 taxpayers paid nearly half of the total tax.

Exhibit 3.2—Tax Year 2000 C Corporation Excise Tax Returns

Taxable Income Group

Dollars in thousands

Oregon Taxable Income Category	Number of Returns	Oregon Taxable Income	Oregon Tax
Zero Income or Loss ¹	22,497	\$0	\$229
\$1 - \$50,000	9,993	\$120,494	\$7,761
\$50,000 - \$100,000	1,528	\$107,739	\$6,837
\$100,000 - \$250,000	1,175	\$187,094	\$11,627
\$250,000 - \$500,000	556	\$195,105	\$12,156
\$500,000 - \$1 million	384	\$275,083	\$16,839
\$1 million to \$5 million	490	\$1,098,314	\$67,013
\$5 million to \$10 million	85	\$617,284	\$36,968
\$10 million to \$25 million	50	\$751,193	\$43,308
Over \$25 million	36	\$2,910,006	\$174,929
Total	36,794	\$6,262,312	\$377,667

Percentage Distribution of Taxable Returns

Oregon Taxable Income Category	Number of Returns	Oregon Taxable Income	Oregon Tax
Zero Income or Loss ¹	61.1%	0.0%	0.1%
\$1 - \$50,000	27.2%	1.9%	2.1%
\$50,000 - \$100,000	4.2%	1.7%	1.8%
\$100,000 - \$250,000	3.2%	3.0%	3.1%
\$250,000 - \$500,000	1.5%	3.1%	3.2%
\$500,000 - \$1 million	1.0%	4.4%	4.5%
\$1 million to \$5 million	1.3%	17.5%	17.7%
\$5 million to \$10 million	0.2%	9.9%	9.8%
\$10 million to \$25 million	0.1%	12.0%	11.5%
Over \$25 million	0.1%	46.5%	46.3%
Total	100.0%	100%	100%

¹ Includes losses in current year as well as losses carried forward from prior years that result in \$0 income.

Exhibit 3.3 shows the distribution of returns by industry sector. For tax year 2000, manufacturing supplied over a third of total tax payments. We are unable to classify a large number of corporations into their appropriate sector due to missing information.

Exhibit 3.3—Tax Year 2000 C Corporation Excise Tax Returns
Industry Sector

Dollars in thousands

Industry Sector ¹	Number of Returns	Oregon Taxable Income	Oregon Tax
Agriculture, Forestry, Fishing and Hunting	1,220	\$48,174	\$3,090
Mining	54	\$21,637	\$1,401
Utilities	30	\$82,917	\$4,077
Construction	3,488	\$138,475	\$9,059
Manufacturing	2,181	\$2,239,839	\$131,484
Wholesale Trade	3,183	\$680,543	\$43,977
Retail Trade	2,761	\$640,350	\$41,582
Transportation and Warehousing	790	\$93,543	\$6,139
Information	710	\$277,090	\$17,183
Finance and Insurance	1,720	\$866,672	\$47,959
Real Estate and Rental and Leasing	967	\$68,107	\$4,508
Professional, Scientific, and Technical Services	2,615	\$88,733	\$5,657
Management of Companies and Enterprises	120	\$338,020	\$20,143
Administrative, Support, and Waste Management	1,344	\$71,522	\$4,525
Educational Services	129	\$5,583	\$369
Health Care and Social Assistance	1,887	\$30,326	\$1,926
Arts, Entertainment, and Recreation	250	\$4,194	\$278
Accommodation and Food Services	867	\$63,383	\$4,079
Other Services (except Public Administration)	1,134	\$43,269	\$2,831
Unknown	11,344	\$459,934	\$27,403
Total	36,794	\$6,262,311	\$377,670

Percentage Distribution

Industry Sector ¹	Number of Returns	Oregon Taxable Income	Oregon Tax
Agriculture, Forestry, Fishing and Hunting	3.3%	0.8%	0.8%
Mining	0.1%	0.3%	0.4%
Utilities	0.1%	1.3%	1.1%
Construction	9.5%	2.2%	2.4%
Manufacturing	5.9%	35.8%	34.8%
Wholesale Trade	8.7%	10.9%	11.6%
Retail Trade	7.5%	10.2%	11.0%
Transportation and Warehousing	2.1%	1.5%	1.6%
Information	1.9%	4.4%	4.6%
Finance and Insurance	4.7%	13.8%	12.7%
Real Estate and Rental and Leasing	2.6%	1.1%	1.2%
Professional, Scientific, and Technical Services	7.1%	1.4%	1.5%
Management of Companies and Enterprises	0.3%	5.4%	5.3%
Administrative, Support, and Waste Management	3.7%	1.1%	1.2%
Educational Services	0.4%	0.1%	0.1%
Health Care and Social Assistance	5.1%	0.5%	0.5%
Arts, Entertainment, and Recreation	0.7%	0.1%	0.1%
Accommodation and Food Services	2.4%	1.0%	1.1%
Other Services (except Public Administration)	3.1%	0.7%	0.8%
Unknown	30.8%	7.3%	7.3%
Total	100.0%	100.0%	100.0%

¹ Selected detail of industries found in each sector are provided in Appendix B - Selected Glossary of Industry Sectors.

Exhibit 3.4 shows the distribution of returns by the state of commercial domicile as reported on the tax return. The state of domicile is the state where the corporation headquarters are located. The state of domicile is not necessarily the same state as the address on the return, or the state under whose laws the corporation was incorporated.

For tax year 2000, most of the corporate income tax liability did not come from corporations domiciled in the state of Oregon. Corporations domiciled outside of the state of Oregon accounted for over 70 percent of the total liability.

**Exhibit 3.4—Tax Year 2000 C Corporation Excise Tax Returns
State of Domicile**

Dollars in thousands				
Geographic Location	Number of Returns	Oregon Taxable Income	Oregon Tax	Percent of Total Tax
New England ¹	\$611	\$176,109	\$10,473	2.8%
Mid-Atlantic ²	\$1,643	\$557,448	\$32,064	8.5%
South ³	\$1,414	\$345,346	\$20,756	5.5%
Midwest ⁴	\$1,834	\$1,007,038	\$60,575	16.0%
Southwest ⁵	\$824	\$197,415	\$11,074	2.9%
West ⁶	\$30,314	\$3,957,497	\$241,319	63.9%
California	\$1,789	\$1,821,338	\$115,896	30.7%
Idaho	\$173	\$63,376	\$4,073	1.1%
Nevada	\$95	\$6,249	\$413	0.1%
Oregon	\$26,555	\$1,728,455	\$101,267	26.8%
Washington	\$1,240	\$284,603	\$16,272	4.3%
All other West	\$462	\$53,476	\$3,399	0.9%
Outside U.S.	\$142	\$11,422	\$743	0.2%
Missing	\$12	\$10,036	\$662	0.2%
Total	\$36,794	\$6,262,311	\$377,669	100%

¹ Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

² Delaware, Maryland, New Jersey, New York, Pennsylvania, and Washington D.C.

³ Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia.

⁴ Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

⁵ Arizona, New Mexico, Oklahoma, and Texas.

⁶ Alaska, Colorado, California, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming.

Taxpayers doing business in multiple states must apportion their income. These corporations must apportion their base income by the three factor formula. The overall apportionment percentage is the weighted average percent of three factors—sales, payroll, and property. Tax year 2000 returns were filed using the double-weighted sales factor. Tax years beginning in May 2003 will use an 80 percent sales factor, also referred to as a “super-weighted” sales factor.

The majority of the Oregon corporate tax liability comes from multi-state corporations. Exhibit 3.5 shows this split.

**Exhibit 3.5—Tax Year 2000 C Corporation Excise Tax Returns
Apportionment Percentage**

Dollars in thousands				
Apportionment	Number of Returns	Oregon Taxable Income	Oregon Tax	Percent of Total Tax
Multi-state i.e. Apportioned	11,791	\$5,551,184	\$331,542	87.8%
Nonapportioned	25,003	\$711,127	\$46,127	12.2%
Total	36,794	\$6,262,311	\$377,669	100%

Exhibit 3.6 shows the distribution by industry sector of the multi-state (i.e. apportioned) excise tax returns.

**Exhibit 3.6—Tax Year 2000 C Corporation Excise Tax Returns
Industry Sector for Multistate (Apportioned) Returns**

Dollars in thousands			
Industry Sector ¹	Number of Returns	Oregon Taxable Income	Oregon Tax
Agriculture, Forestry, Fishing and Hunting	92	\$23,689	\$1,544
Mining	9	\$18,567	\$1,198
Utilities	9	\$82,743	\$4,065
Construction	634	\$87,236	\$5,670
Manufacturing	544	\$2,117,367	\$123,585
Wholesale Trade	1,758	\$597,613	\$38,622
Retail Trade	519	\$542,741	\$35,343
Transportation and Warehousing	228	\$84,863	\$5,563
Information	295	\$254,716	\$15,717
Finance and Insurance	1,007	\$776,442	\$42,136
Real Estate and Rental and Leasing	167	\$38,948	\$2,579
Professional, Scientific, and Technical Services	772	\$65,664	\$4,130
Management of Companies and Enterprises	58	\$324,438	\$19,306
Administrative, Support, and Waste Management	434	\$59,582	\$3,797
Educational Services	31	\$4,920	\$325
Health Care and Social Assistance	94	\$17,478	\$1,071
Arts, Entertainment, and Recreation	36	\$509	\$34
Accommodation and Food Services	98	\$50,354	\$3,214
Other Services (except Public Administration)	137	\$32,624	\$2,123
Unknown	4,869	\$370,689	\$21,518
Total	11,791	\$5,551,183	\$331,540

¹ Selected detail of industries found in each sector are provided in Appendix B - Selected Glossary of Industry Sectors.

There are a number of credits available to corporate excise taxpayers. Not all taxpayers claiming a credit are able to use the full amount of the credit due to insufficient tax liability. Most unused credits may be carried forward for up to five years to offset future tax liability. Corporations must claim the full amount of credit, to the extent of their liability, before the credit may be carried forward.

Exhibit 3.7—Tax Year 2000 C Corporation Excise Tax Returns

Credit Usage

Dollars in thousands

Credit	Number of Taxpayers Claiming	Amount of Credit Claimed	Number of Taxpayers with Reduction in Tax Liability	Amount of Credit Used
General Corporation Credits				
Pollution Control	123	\$13,107	98	\$10,033
Pollution Prevention	9	\$31	5	\$13
Oregon Affordable Housing Credit	22	\$3,662	20	\$3,447
Farm-Worker Housing Lender's Credit	6	\$463	6	\$463
Business Energy Facilities	155	\$4,483	94	\$2,455
Farm-Worker Housing Construction	5 or fewer	\$56	5 or fewer	\$3
Dependent Care Assistance	18	\$3,753	13	\$1,536
Qualified Research Activities	173	\$27,132	94	\$9,548
Other Corporation Credits	52	\$522	36	\$456
Insurance Only Credits				
Worker's Compensation Assessments	99	\$4,480	65	\$2,836
Fire Insurance Credit	304	\$4,231	214	\$1,479
Oregon Life and Health IGA Assessments	336	\$4,543	259	\$3,392
Oregon IGA Assessments	15	\$7	12	\$3
Total Credits¹	1,144	\$66,472	829	\$35,926

¹ Numbers of taxpayers does not match detail due to taxpayers claiming multiple credits. The amount of credit used for total credits does not match detail due to unused credits.

The two largest credits for tax year 2000, in terms of total dollars claimed, were pollution control and the research credit. Additional details for taxpayers claiming the pollution control and research credits appear in Exhibits 3.8 and 3.9.

**Exhibit 3.8—Tax Year 2000 C Corporation Excise Tax Returns
Pollution Control Claimants**

Dollars in thousands

Industry Category	Number of Taxpayers Claiming	Amount of Credit Claimed	Taxpayers with Reduction in Tax Liability	Amount of Credit Used
Agriculture	18	\$211	11	\$42
Manufacturing	39	\$9,485	33	\$7,625
Wholesale Trade	18	\$502	13	\$89
Retail Trade	14	\$413	13	\$359
Management of Companies	5	\$189	5	\$188
All Other and Unknown	29	\$2,307	23	\$1,730
Total	123	\$13,107	98	\$10,033

Oregon Net Income	Number of Taxpayers Claiming	Amount of Credit Claimed	Taxpayers with Reduction in Tax Liability	Amount of Credit Used
Zero Income or Loss ¹	22	\$2,265	0	\$0
0-\$100,000	29	\$117	28	\$70
\$100,000 - \$500,000	22	\$341	21	\$189
\$500,000 - \$2 million	13	\$926	13	\$413
Greater than \$2 million	37	\$9,458	36	\$9,361
Total	123	\$13,107	98	\$10,033

¹ Includes losses in current year as well as losses carried forward from prior years that result in \$0 income.

**Exhibit 3.9—Tax Year 2000 C Corporation Excise Tax Returns
Research Credit Claimants**
Dollars in thousands

Industry Category	Number of Taxpayers Claiming	Amount of Credit Claimed	Number of Taxpayers with Reduction in Tax Liability	Amount of Credit Used
Manufacturing	54	\$13,455	39	\$7,414
Computer and Electronic Manuf.	34	\$9,970	22	\$3,976
All other manufacturing	20	\$3,485	17	3,438
Wholesale Trade	31	\$2,801	18	\$401
Professional, Scientific, and Technical Services (Incl. Software Publishing)	23	\$4,340	7	\$213
All Other and Unknown	65	\$6,537	30	\$1,520
Total	173	\$27,132	94	\$9,548

Oregon Net Income	Number of Taxpayers Claiming	Amount of Credit Claimed	Number of Taxpayers with Reduction in Tax Liability	Amount of Credit Used
Zero Income or Loss ¹	78	\$15,191	0	\$0
0-\$100,000	28	\$334	27	\$54
\$100,000 - \$500,000	23	\$363	23	\$229
\$500,000 - \$2 million	19	\$944	19	\$471
Greater than \$2 million	25	\$10,299	25	\$8,794
Total	173	\$27,132	94	\$9,548

¹ Includes losses in current year as well as losses carried forward from prior years that result in \$0 income.

The minimum excise tax is \$10. Sixty-five percent of all C corporation excise taxpayers paid the minimum tax. Exhibit 3.10 shows the number of C corporations paying the minimum tax for various income levels. Taxpayers in higher income categories paying only the minimum tax have credits that reduce their tax liability to \$10.

Exhibit 3.10—Tax Year 2000 C Corporation Excise Tax Returns Minimum Taxpayers	
Dollars in thousands	
Oregon Taxable Income Category	Total Number of Minimum Tax Returns
Zero Income or Loss ¹	22,476
\$1 - \$50,000	1,156
\$50,000 - \$100,000	36
\$100,000 - \$250,000	44
\$250,000 - \$500,000	15
\$500,000 - \$1 million	13
\$1 million to \$5 million	14
\$5 million to \$10 million	5 or fewer
\$10 million to \$25 million	5 or fewer
Over \$25 million	5 or fewer
Total	23,762

¹ Includes losses in current year as well as losses carried forward from prior years that result in \$0 income.

Most taxpayers paying the minimum had no income in the current year or used a loss carried forward from another year to result in zero taxable income. Exhibit 3.11 details the reason for minimum tax payment for the 23,762 minimum excise taxpayers.

Exhibit 3.11—Tax Year 2000 C Corporation Excise Tax Returns Minimum Tax Payment Details	
Reason For Minimum Tax Payment	Number of Returns
Current Income	
Zero income or loss in current year	17,431
Minimal income in current year	878
Losses Carried Forward	
Losses carried forward from prior years result in zero income or loss	5,045
Losses carried forward from prior years result in minimal income	128
Credits	
Credits reduce tax to minimum	258
Combination	
Combination of losses carried forward and credits reduce tax to minimum	22
Total	23,762

Minimum taxpayers appear in all industry sectors. Exhibit 3.12 details minimum taxpayers by sector.

Industry Sector ¹	Number of Returns
Agriculture, Forestry, Fishing and Hunting	832
Mining	33
Utilities	20
Construction	2,299
Manufacturing	1,327
Wholesale Trade	1,740
Retail Trade	1,668
Transportation and Warehousing	484
Information (includes Telecommunications)	521
Finance and Insurance	953
Real Estate and Rental and Leasing	613
Professional, Scientific, and Technical Services	1,662
Management of Companies and Enterprises	69
Administrative, Support, and Waste Management	829
Educational Services	79
Health Care and Social Assistance	1,432
Arts, Entertainment, and Recreation	142
Accommodation and Food Services	546
Other Services (except Public Administration)	680
Unknown	7,833
Total	23,762

¹ Selected detail of industries found in each sector are provided in Appendix B - Selected Glossary of Industry Sectors.

SECTION 3C
CORPORATE TAX RETURNS
SUMMARY OF 20-S RETURNS

S corporations are corporations that have elected to pass their income (or loss) through to the shareholders. The income is not taxed at the corporation level—it is included as income for the shareholders.

A small amount of S corporation income is taxed on the corporate side. This occurs when an S corporation has built-in gains or net excess passive income. Only a handful of S corporations have this type of income.

In order to make the S corporation election, the corporation must meet certain conditions including limitations on the number of shareholders.

Tax Form 20-S is filed by S corporations that are paying either the income or the excise tax. The excise minimum tax is \$10. Corporations “doing business” are subject to the minimum even if they have passed all of their income through to the shareholders.

Exhibit 3.13 contains summary information about 20-S filers.

**Exhibit 3.13—Tax Year 2000 S Corporation Tax Returns
S Corporation Summary**

Dollars in thousands			
Type of Filer	Number of Returns	Oregon Taxable Income	Oregon Tax
Income Tax	675	\$218	\$14
Excise Tax	42,615	\$18,547	\$1,540
Total 20-S	43,290	\$18,765	\$1,554

Exhibit 3.14 contains additional detail on characteristics of 20-S filers. As the exhibit shows, most do not apportion their income between Oregon and other states. Most are domiciled (i.e. have their headquarters) in Oregon. Income taxpayers are not subject to a minimum tax, although excise taxpayers are. Since S corporations are pass-through entities, most pay only the minimum tax of \$10. The 246 filers that pay more than the minimum have built-in gains or excess net passive income and must pay tax on the corporate level.

Exhibit 3.14—Tax Year 2000 S Corporation Tax Returns
S Corporation Characteristics

Dollars in thousands			
	Number of Returns	Oregon Taxable Income	Oregon Tax
<i>Apportionment for 20-S Filers</i>			
Multi-state (apportioned)	3,936	\$6,997	\$493
Non-apportioned	39,354	\$11,768	\$1,061
<i>State of Domicile for 20-S Filers</i>			
Oregon	39,645	\$15,854	\$1,334
Other	3,645	\$2,911	\$220
<i>Minimum Tax for 20-S Excise Filers</i>			
Pay Minimum	42,369	\$1,545	\$416
Pay Greater than Minimum	246	\$17,002	\$1,124

SECTION 3D
CORPORATE TAX RETURNS
SUMMARY OF 20-I RETURNS

Only a handful of taxpayers are subject to the corporate income tax. These taxpayers are not doing business in Oregon. They do, however, have income from an Oregon source.

Income is from an Oregon source if it is derived from:

- Tangible or intangible property located in Oregon; or
- Any activity carried on in Oregon, whether intrastate, interstate, or foreign commerce.

There is no minimum tax for corporate income tax filers.

These taxpayers must file Form 20-I. Exhibit 3.15 shows the number of returns and tax associated with 20-I filers.

**Exhibit 3.15—Tax Year 2000 20-I Tax Returns
Income Tax Returns Summary**

Dollars in thousands			
	Number of Returns	Oregon Taxable Income	Oregon Tax
Total 20-I	290	\$3,712	\$157
