

This section focuses on completed tax returns.

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.** Insurance corporations file form 20-INS and pay the excise tax.
- **Form 20-MTC, Multistate Tax Commission (MTC).** Certain corporations whose only activity in Oregon is sales (under \$100,000) and that have no property in Oregon may file Form 20-MTC. This form allows simplified filing for several states.

If a corporation or group of corporations files a consolidated federal return, it also must file a consolidated Oregon return, reflecting the activities of all the members that are engaged in a single trade or business as defined by ORS 317.705.

Exhibit 3.1—Tax Year 2003 Corporation Tax Returns

Type of Return Filed

Dollars in thousands			
Oregon Tax Form Filed	Number of Returns	Oregon Taxable Income	Oregon Tax
20 Oregon Corporation Excise Tax Return	32,914	\$4,235,127	\$256,844
20-I Oregon Corporation Income Tax Return	230	\$1,371	\$66
20-MTC Multistate Tax Commission Return	6	\$0	\$0
20-INS Oregon Insurance Excise Tax Return	1,161	\$439,298	\$24,888
20-S Oregon S Corporation Tax Return	47,798	\$13,455	\$1,418
Total	82,109	\$4,689,250	\$283,216

Timing of Filing Tax Returns

Corporations' tax years may cover a period of time significantly different from a calendar year.⁴ Because of differing tax years and extensions for filing returns, tax year 2003 returns were received during a period of two years.

Exhibit 3.2 shows when the returns were received. By October 2004, about 70 percent of the tax for tax year 2003 had been reported on returns.

Exhibit 3.2—Tax Year 2003 Corporation Tax Returns Received By Month

Dollars in thousands

Month	Number of Returns*	Net Tax Reported	Percent of Total Net Tax Reported	Cumulative Net Tax	Cumulative Percent
February 2004 or prior	5,331	\$1,971	0.7%	\$1,971	0.7%
March-04	19,487	\$7,909	2.8%	\$9,880	3.5%
April-04	13,923	\$14,742	5.2%	\$24,621	8.7%
May-04	2,253	\$3,576	1.3%	\$28,197	10.0%
June-04	3,175	\$2,192	0.8%	\$30,389	10.7%
July-04	2,955	\$2,034	0.7%	\$32,424	11.4%
August-04	4,284	\$2,663	0.9%	\$35,086	12.4%
September-04	11,434	\$29,849	10.5%	\$64,935	22.9%
October-04	6,552	\$134,774	47.6%	\$199,710	70.5%
November-04	1,758	\$21,537	7.6%	\$221,247	78.1%
December-04	2,329	\$8,923	3.2%	\$230,170	81.3%
January-05	1,894	\$8,641	3.1%	\$238,811	84.3%
February-05	1,343	\$2,357	0.8%	\$241,167	85.2%
March-05	1,372	\$10,899	3.8%	\$252,066	89.0%
April-05	936	\$10,443	3.7%	\$262,509	92.7%
May-05	546	\$2,679	0.9%	\$265,188	93.6%
June-05	808	\$4,857	1.7%	\$270,045	95.3%
July 2005 or later	1,729	\$13,171	4.7%	\$283,216	100.0%
Total	82,109	\$283,216	100.0%		

*Net tax and number of returns reported in this table are based on amended or audited returns if they exist, otherwise this table accounts for original returns.

⁴ For more detail on corporations' fiscal years and the due dates of corporations' tax returns, see Appendix C.

Timing of Receipts for Tax Year 2003

Because corporations generally are required to make quarterly estimated payments of tax liability before their return is filed, and because of differences in filing periods, payments for any tax year will be received during several calendar years. Exhibit 3.3 shows that corporations significantly overpaid their 2003 tax liability as of September 2004. Large corporations that pay less than their actual tax liability can face penalties, so it is likely that they overpay to avoid those penalties. The resulting overpayments lead to significant refunds beginning in October 2004.

Exhibit 3.3—Tax Year 2003 Corporation Tax Receipts By Month

Dollars in thousands

Month	Net Receipts for Tax Year*	Percent of Total Receipts for Tax Year	Cumulative Receipts	Cumulative Percent
March 2003 or prior	\$2,048	0.7%	\$2,048	0.7%
April-03	\$26,238	9.1%	\$28,285	9.8%
May-03	\$8,259	2.9%	\$36,545	12.7%
June-03	\$40,865	14.2%	\$77,410	26.9%
July-03	\$7,542	2.6%	\$84,951	29.5%
August-03	\$1,991	0.7%	\$86,942	30.2%
September-03	\$44,968	15.6%	\$131,909	45.8%
October-03	\$26,288	9.1%	\$158,197	54.9%
November-03	\$63,102	21.9%	\$221,300	76.9%
December-03	\$79,220	27.5%	\$300,520	104.4%
January-04	\$9,164	3.2%	\$309,685	107.6%
February-04	\$7,423	2.6%	\$317,107	110.1%
March-04	\$20,154	7.0%	\$337,262	117.1%
April-04	\$27,427	9.5%	\$364,689	126.7%
May-04	\$6,800	2.4%	\$371,489	129.0%
June-04	\$17,986	6.2%	\$389,474	135.3%
July-04	\$2,825	1.0%	\$392,300	136.2%
August-04	\$3,914	1.4%	\$396,214	137.6%
September-04	\$18,500	6.4%	\$414,714	144.0%
October-04	-\$11,869	-4.1%	\$402,845	139.9%
November-04	-\$63,157	-21.9%	\$339,688	118.0%
December-04	-\$27,559	-9.6%	\$312,129	108.4%
January 2005 or later	-\$24,187	-8.4%	\$287,943	100.0%
Total	\$287,943	100.0%		

*Net receipts for the tax year will not match the tax liability reported on returns. This is primarily due to penalty and interest payments.

History of Tax Returns Filed

Exhibit 3.4 shows the recent history of corporate tax returns filed in Oregon. The total number of returns has increased somewhat steadily since 1990.

Exhibit 3.4—Corporate Return History					
Dollars in thousands					
Tax Year	Number of S Corporation Returns	Number of C Corporation Returns¹	Total Number of Returns	Oregon Tax (Before Kicker)	Oregon Net Tax²
1990	18,437	35,510	53,947	\$175,944	\$175,857
1991	21,090	35,200	56,290	\$173,644	\$173,769
1992	23,731	35,660	59,391	\$218,832	\$215,751
1993	26,751	36,879	63,630	\$324,148	\$325,300
1994	29,752	38,344	68,096	\$339,291	\$339,423
1995	32,689	39,496	72,185	\$449,406	\$225,351
1996	35,337	38,852	74,189	\$346,684	\$376,841
1997	37,711	38,607	76,318	\$401,527	\$232,174
1998	40,516	39,612	80,128	\$355,584	\$356,929
1999	42,062	38,722	80,784	\$385,198	\$385,139
2000	43,928	38,139	82,067	\$355,438	\$355,621
2001	44,996	37,083	82,079	\$239,024	\$238,685
2002	46,360	35,892	82,252	\$230,982	\$230,971
2003	47,798	34,311	82,109	\$283,291	\$283,216

¹ Note that this column includes all corporate excise and income tax returns other than those filed on Oregon Form 20-S. For convenience, other parts of this report separate out returns filed on Oregon Form 20-I.

² Net tax differs from Oregon tax by the Oregon surplus refund (kicker) and adjustments for Last In, First Out (LIFO) benefit recapture. For additional information on kicker refunds, please see Appendix D — "Surplus Kicker."

The following sections provide additional information about corporate taxpayers:

- C corporation excise taxpayers file Forms 20, 20-INS, and 20-MTC.
- Section 3B gives details for C corporations, the most common returns filed in Oregon.
- Section 3C summarizes information for 20-S filers.
- Section 3D describes 20-I income returns.

This section provides detail on excise tax C corporation taxpayers. C corporations paid more than 99 percent of the total corporate excise and income tax payments for tax year 2003. 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:

- **Taxable income category**
- **Industry sector**
- **State of commercial domicile**
- **Apportioned returns**
 - Total
 - By industry sector
- **Credit usage**
 - All credits
 - Additional detail for business energy facilities credit
 - Additional detail for pollution control credit
 - Additional detail for qualified research activities credit
- **Minimum tax returns**
 - By income group
 - Reason for minimum tax payment
 - By industry sector

Exhibit 3.5 shows the distribution of returns by taxable income category. Taxable income and book income are not necessarily the same because of differences in accounting rules. For example, a company that reports a profit on its public financial statements may have no taxable income. This exhibit shows the concentration of the corporate excise tax. Seventy-six taxpayers paid more than half of the total tax.

Exhibit 3.5—Tax Year 2003 C Corporation Excise Tax Returns
Taxable Income Category

Oregon Taxable Income Category	Number of Returns	Oregon Taxable Income (\$000)	Oregon Tax (\$000)
Zero Income or Loss ¹	22,255	\$0	\$225
\$1 - \$50,000	8,460	\$93,809	\$6,044
\$50,000 - \$100,000	1,129	\$79,246	\$5,000
\$100,000 - \$250,000	933	\$146,433	\$9,230
\$250,000 - \$500,000	432	\$153,439	\$9,529
\$500,000 - \$1 million	342	\$241,976	\$14,918
\$1 million to \$5 million	390	\$835,272	\$51,250
\$5 million to \$10 million	64	\$436,429	\$26,208
\$10 million to \$25 million	49	\$752,339	\$44,002
Over \$25 million	27	\$1,935,481	\$115,325
Total	34,081	\$4,674,424	\$281,732

Percentage Distribution of Taxable Returns

Oregon Taxable Income Category	Number of Returns	Oregon Taxable Income	Oregon Tax
Zero Income or Loss ¹	65.3%	0.0%	0.1%
\$1 - \$50,000	24.8%	2.0%	2.1%
\$50,000 - \$100,000	3.3%	1.7%	1.8%
\$100,000 - \$250,000	2.7%	3.1%	3.3%
\$250,000 - \$500,000	1.3%	3.3%	3.4%
\$500,000 - \$1 million	1.0%	5.2%	5.3%
\$1 million to \$5 million	1.1%	17.9%	18.2%
\$5 million to \$10 million	0.2%	9.3%	9.3%
\$10 million to \$25 million	0.1%	16.1%	15.6%
Over \$25 million	0.1%	41.4%	40.9%
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 3.6 shows the distribution of returns by industry sector. Missing information prevents classification of about twenty percent of corporations into appropriate sectors, though the total tax paid by unclassified corporations is less than one percent. For tax year 2003, the finance and insurance and manufacturing sectors together contributed almost half of total tax payments.

Exhibit 3.6—Tax Year 2003 C Corporation Excise Tax Returns
Industry Sector

Industry Sector ¹	Number of Returns	Oregon Taxable Income (\$000)	Oregon Tax
Agriculture, Forestry, Fishing, and Hunting	1,639	\$45,516	\$2,893
Mining	65	\$21,680	\$1,411
Utilities	52	\$9,831	\$120
Construction	3,476	\$84,243	\$5,516
Manufacturing	2,158	\$1,146,186	\$69,423
Wholesale Trade	3,306	\$657,197	\$40,638
Retail Trade	2,497	\$672,288	\$42,095
Transportation and Warehousing	855	\$73,413	\$4,746
Information	723	\$131,258	\$8,138
Finance and Insurance	2,333	\$1,157,647	\$68,105
Real Estate, Rental, and Leasing	1,292	\$60,138	\$3,962
Professional, Scientific, and Technical Services	2,715	\$79,342	\$5,179
Management of Companies and Enterprises	353	\$342,929	\$17,443
Administrative, Support, and Waste Management	1,207	\$28,238	\$1,633
Education Services	171	\$11,711	\$774
Health Care and Social Assistance	1,905	\$32,341	\$2,010
Arts, Entertainment, and Recreation	268	\$7,997	\$530
Accommodation and Food Services	924	\$43,421	\$2,845
Other Services (except Public Administration)	1,635	\$28,334	\$1,869
Unknown	6,507	\$40,715	\$2,404
Total	34,081	\$4,674,424	\$281,732

Percentage Distribution

Industry Sector ¹	Number of Returns	Oregon Taxable Income	Oregon Tax
Agriculture, Forestry, Fishing, and Hunting	4.8%	1.0%	1.0%
Mining	0.2%	0.5%	0.5%
Utilities	0.2%	0.2%	0.0%
Construction	10.2%	1.8%	2.0%
Manufacturing	6.3%	24.5%	24.6%
Wholesale Trade	9.7%	14.1%	14.4%
Retail Trade	7.3%	14.4%	14.9%
Transportation and Warehousing	2.5%	1.6%	1.7%
Information	2.1%	2.8%	2.9%
Finance and Insurance	6.8%	24.8%	24.2%
Real Estate, Rental, and Leasing	3.8%	1.3%	1.4%
Professional, Scientific, and Technical Services	8.0%	1.7%	1.8%
Management of Companies and Enterprises	1.0%	7.3%	6.2%
Administrative, Support, and Waste Management	3.5%	0.6%	0.6%
Education Services	0.5%	0.3%	0.3%
Health Care and Social Assistance	5.6%	0.7%	0.7%
Arts, Entertainment, and Recreation	0.8%	0.2%	0.2%
Accommodation and Food Services	2.7%	0.9%	1.0%
Other Services (except Public Administration)	4.8%	0.6%	0.7%
Unknown	19.1%	0.9%	0.9%
Total	100.0%	100.0%	100.0%

¹ The order and definitions for these sectors is from the North American Industry Classification System. For additional information on NAICS sectors, please see Appendix B — "Selected Glossary of Industry Sectors."

Exhibit 3.7 shows the distribution of returns by the state of commercial domicile as reported on the tax return. The location of a corporation's headquarters determines its state of domicile. 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 2003, most of the corporate excise tax liability did not come from corporations domiciled in the state of Oregon. Corporations domiciled outside of Oregon accounted for almost three-fourths of the total liability.

Exhibit 3.7—Tax Year 2003 C Corporation Excise Tax Returns State of Commercial Domicile

Dollars in thousands				
Region	Number of Returns	Oregon Taxable Income	Oregon Tax	Percent of Total Tax
Northeast ¹	1,874	\$416,766	\$25,445	9.0%
Midwest ²	1,977	\$767,050	\$41,971	14.9%
South ³	2,249	\$671,724	\$42,814	15.2%
West ⁴	27,810	\$2,809,896	\$170,911	60.7%
Outside U.S.	171	\$8,989	\$591	0.2%
Total	34,081	\$4,674,424	\$281,732	100%

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

² Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

³ Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, Washington D.C., and West Virginia.

⁴ Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Tax Year 2003 C Corporation Excise Tax Returns State of Commercial Domicile Western States

Dollars in thousands				
State	Number of Returns	Oregon Taxable Income	Oregon Tax	Percent of Total Tax
Alaska	32	\$1,022	\$68	0.0%
Arizona	152	\$11,593	\$733	0.3%
California	1,652	\$1,087,065	\$68,687	24.4%
Colorado	241	\$11,991	\$784	0.3%
Hawaii	17	\$22,309	\$1,413	0.5%
Idaho	161	\$65,003	\$4,235	1.5%
Montana	38	\$2,958	\$195	0.1%
New Mexico	16	\$70	\$5	0.0%
Nevada	98	\$10,441	\$690	0.2%
Oregon	24,135	\$1,181,165	\$71,255	25.3%
Utah	107	\$11,601	\$759	0.3%
Washington	1,152	\$404,598	\$22,083	7.8%
Wyoming	9	\$81	\$5	0.0%
Total	27,810	\$2,809,896	\$170,911	60.7%

Taxpayers doing business in multiple states must apportion their business income using an apportionment formula.⁵ The Oregon apportionment percentage is a weighted average percent of sales, payroll, and property. Tax year 2003 returns filed for tax years beginning before May were filed using the double-weighted sales factor. Tax year 2003 returns filed for tax years beginning after May 2003 were filed using a super-weighted sales factor (i.e. the apportionment percent was 80 percent of the sales factor plus 10 percent each of the property and payroll factors).

**Exhibit 3.8—Tax Year 2003 C Corporation Excise Tax Returns
Apportioned Returns**

Dollars in thousands				
Apportionment	Number of Returns	Oregon Taxable Income	Oregon Tax	Percent of Total Tax
Multistate (Apportioned)	11,524	\$4,056,697	\$243,059	86.3%
Nonapportioned	22,557	\$617,728	\$38,673	13.7%
Total	34,081	\$4,674,424	\$281,732	100%

Exhibit 3.9 shows the distribution of the multistate (apportioned) excise tax returns by industry sector.

**Exhibit 3.9 Tax Year 2003 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	Percent of Total Oregon Tax
Agriculture, Forestry, Fishing, and Hunting	114	\$21,999	\$1,432	0.6%
Mining	18	\$21,260	\$1,383	0.6%
Utilities	19	\$8,965	\$68	0.0%
Construction	702	\$53,233	\$3,463	1.4%
Manufacturing	687	\$1,059,060	\$63,881	26.3%
Wholesale Trade	1,985	\$560,285	\$34,450	14.2%
Retail Trade	501	\$589,222	\$36,935	15.2%
Transportation and Warehousing	303	\$66,366	\$4,278	1.8%
Information	315	\$122,764	\$7,594	3.1%
Finance and Insurance	1,623	\$996,653	\$58,574	24.1%
Real Estate, Rental, and Leasing	282	\$38,074	\$2,511	1.0%
Professional, Scientific, and Technical Services	849	\$54,676	\$3,575	1.5%
Management of Companies and Enterprises	241	\$324,438	\$16,296	6.7%
Administrative, Support, and Waste Management	391	\$19,053	\$1,085	0.4%
Education Services	61	\$10,830	\$715	0.3%
Health Care and Social Assistance	123	\$22,816	\$1,369	0.6%
Arts, Entertainment, and Recreation	48	\$5,121	\$338	0.1%
Accommodation and Food Services	115	\$30,224	\$1,983	0.8%
Other Services (except Public Administration)	185	\$20,935	\$1,373	0.6%
Unknown	2,962	\$30,723	\$1,756	0.7%
All	11,524	\$4,056,697	\$243,059	100%

¹ The order and definitions for these sectors is from the North American Industry Classification System. For additional information on NAICS sectors, please see Appendix B — "Selected Glossary of Industry Sectors."

⁵ Section 1A provides more detail on changes in Oregon's corporate apportionment formula.

A number of credits are available to corporate excise taxpayers. Not all taxpayers claiming a credit are able to use the full amount because their credits exceed their 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 3.10—Tax Year 2003 C Corporation Excise Tax Returns
Credit Usage**

Dollars in thousands

Credit	Number of Taxpayers Claiming Credit	Amount of Credit Claimed	Number of Taxpayers with Reduction in Tax Liability	Amount of Credit Used
General Corporation Credits				
Business Energy Facilities	201	\$10,000	136	\$6,864
Dependent Care Assistance	17	\$3,626	14	\$969
Farm Machinery and Equipment	5 or fewer	\$14	5 or fewer	\$6
Farm-Worker Housing Lender's Credit	5 or fewer	\$45	5 or fewer	\$45
Farm-Worker Housing Construction	7	\$440	6	\$156
Long-Term Care Facilities	7	\$5	7	\$3
Oregon Affordable Housing Credit	34	\$3,810	25	\$3,670
Oregon Trust for Cultural Development	11	\$23	9	\$19
Pollution Control	103	\$13,676	81	\$7,843
Pollution Prevention	14	\$342	5 or fewer	\$7
Qualified Research Activities	159	\$29,913	65	\$3,292
Reclaimed Plastics Credit	5 or fewer	\$64	5 or fewer	\$8
Other Corporation Credits	17	\$1,469	8	\$31
Insurance Only Credits				
Fire Insurance Credit	273	\$4,541	202	\$1,605
Oregon IGA Assessments	7	\$100	6	\$9
Oregon Life and Health IGA Assessments	117	\$316	74	\$81
Workers' Compensation Assessments	69	\$2,501	58	\$1,316
Total¹	915	\$70,885	604	\$25,924

¹ The total number of taxpayers does not match detail due to taxpayers claiming multiple credits.

The three corporation tax credits with the highest total claims were business energy facilities, qualified research activities, and pollution control. Additional details for taxpayers claiming these credits are in the next three exhibits.

Exhibit 3.11—Tax Year 2003 C Corporation Excise Tax Returns**Business Energy Facilities****Credit Usage by Industry Sector and Taxable Income**

Industry Sector	Number of Taxpayers Claiming Credit	Amount of Credit Claimed (\$000)	Number of Taxpayers with Reduction in Tax Liability	Amount of Credit Used (\$000)
Agriculture, Forestry, Fishing, and Hunting	26	\$155	14	\$38
Utilities	5 or fewer	\$531	5 or fewer	\$504
Construction	9	\$170	7	\$15
Manufacturing	46	\$3,563	25	\$1,201
Wholesale Trade	23	\$981	18	\$847
Retail Trade	33	\$1,884	23	\$1,835
Transportation and Warehousing	5 or fewer	\$18	5 or fewer	\$6
Information	5 or fewer	\$18	5 or fewer	\$15
Finance and Insurance	17	\$603	17	\$603
Real Estate, Rental, and Leasing	5 or fewer	\$19	5 or fewer	\$14
Professional, Scientific, and Technical Services	5 or fewer	\$4	5 or fewer	\$1
Management of Companies and Enterprises	7	\$1,840	5 or fewer	\$1,664
Accommodation and Food Services	6	\$31	5 or fewer	\$28
Other Services (except Public Administration)	7	\$18	5 or fewer	\$9
All Other and Unknown	9	\$163	5 or fewer	\$83
Total	201	\$10,000	136	\$6,864

Oregon Taxable Income Category	Number of Taxpayers Claiming Credit	Amount of Credit Claimed (\$000)	Number of Taxpayers with Reduction in Tax Liability	Amount of Credit Used (\$000)
Zero Income or Loss ¹	62	\$2,874	0	\$0
\$1 - \$50,000	27	\$68	24	\$19
\$50,000 - \$100,000	17	\$91	17	\$56
\$100,000 - \$250,000	15	\$82	15	\$66
\$250,000 - \$500,000	10	\$51	10	\$47
\$500,000 - \$1 million	10	\$166	10	\$162
\$1 million to \$5 million	20	\$180	20	\$180
\$5 million to \$10 million	14	\$810	14	\$783
\$10 million to \$25 million	11	\$440	11	\$419
Over \$25 million	15	\$5,238	15	\$5,133
Total	201	\$10,000	136	\$6,864

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

Exhibit 3.12—Tax Year 2003 C Corporation Excise Tax Returns**Pollution Control****Credit Usage by Industry Sector and Taxable Income**

Industry Sector	Number of Taxpayers Claiming Credit	Amount of Credit Claimed (\$000)	Number of Taxpayers with Reduction in Tax Liability	Amount of Credit Used (\$000)
Agriculture, Forestry, Fishing, and Hunting	11	\$89	7	\$16
Construction	5 or fewer	\$57	5 or fewer	\$55
Manufacturing	37	\$8,088	25	\$3,106
Wholesale Trade	20	\$663	18	\$561
Retail Trade	10	\$183	9	\$175
Transportation and Warehousing	5 or fewer	\$98	5 or fewer	\$98
Finance and Insurance	5 or fewer	\$1,923	5 or fewer	\$1,923
Management of Companies and Enterprises	7	\$2,158	6	\$1,587
Administrative, Support, and Waste Management	5 or fewer	\$142	5 or fewer	\$129
All Other and Unknown	5 or fewer	\$276	5 or fewer	\$193
Total	103	\$13,676	81	\$7,843

Oregon Taxable Income Category	Number of Taxpayers Claiming Credit	Amount of Credit Claimed (\$000)	Number of Taxpayers with Reduction in Tax Liability	Amount of Credit Used (\$000)
Zero Income or Loss ¹	22	\$5,470	0	\$0
\$1 - \$50,000	12	\$34	12	\$14
\$50,000 - \$100,000	7	\$46	7	\$29
\$100,000 - \$250,000	11	\$106	11	\$92
\$250,000 - \$500,000	7	\$87	7	\$87
\$500,000 - \$1 million	6	\$113	6	\$107
\$1 million to \$5 million	16	\$1,252	16	\$1,252
\$5 million to \$10 million	8	\$481	8	\$481
\$10 million to \$25 million	7	\$3,139	7	\$3,139
Over \$25 million	7	\$2,947	7	\$2,642
Total	103	\$13,676	81	\$7,843

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

Exhibit 3.13—Tax Year 2003 C Corporation Excise Tax Returns**Qualified Research Activities****Credit Usage by Industry Sector and Taxable Income**

Industry Sector	Number of Taxpayers Claiming Credit	Amount of Credit Claimed (\$000)	Number of Taxpayers with Reduction in Tax Liability	Amount of Credit Used (\$000)
Agriculture, Forestry, Fishing, and Hunting	5 or fewer	\$18	5 or fewer	\$18
Manufacturing	44	\$12,363	21	\$1,715
Wholesale Trade	29	\$3,448	14	\$862
Information	34	\$6,108	10	\$512
Professional, Scientific, and Technical Services	30	\$5,496	10	\$71
Other Services (except Public Administration)	5 or fewer	\$3	5 or fewer	\$3
All Other and Unknown	17	\$2,477	5 or fewer	\$110
Total	159	\$29,913	65	\$3,292

Oregon Taxable Income Category	Number of Taxpayers Claiming Credit	Amount of Credit Claimed (\$000)	Number of Taxpayers with Reduction in Tax Liability	Amount of Credit Used (\$000)
Zero Income or Loss ¹	94	\$24,806	0	\$0
\$1 - \$50,000	13	\$207	13	\$13
\$50,000 - \$100,000	8	\$138	8	\$33
\$100,000 - \$250,000	9	\$198	9	\$71
\$250,000 - \$500,000	5 or fewer	\$135	5 or fewer	\$48
\$500,000 - \$1 million	9	\$486	9	\$264
\$1 million to \$5 million	16	\$1,426	16	\$1,167
\$5 million to \$10 million	5 or fewer	\$420	5 or fewer	\$420
Over \$10 million	5 or fewer	\$2,097	5 or fewer	\$1,274
Total	159	\$29,913	65	\$3,292

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. About 69 percent of all C corporation excise taxpayers paid the minimum tax for tax year 2003. Exhibit 3.14 shows the number of C corporations paying the minimum tax for various income levels. Taxpayers in higher income categories paying the minimum tax have credits that reduce their tax liability to \$10.

**Exhibit 3.14—Tax Year 2003 C Corporation Excise Tax Returns
Minimum Tax Returns**

Oregon Taxable Income Category	Tax Returns Paying Minimum Tax	Total Number of Returns	Percent Paying Minimum
Zero Income or Loss ¹	22,253	22,255	100.0%
\$1 - \$50,000	1,128	8,460	13.3%
\$50,000 - \$100,000	34	1,129	3.0%
\$100,000 - \$250,000	27	933	2.9%
\$250,000 - \$500,000	13	432	3.0%
\$500,000 - \$1 million	11	342	3.2%
\$1 million to \$5 million	15	390	3.8%
\$5 million to \$10 million	5 or fewer	64	N/A
\$10 million to \$25 million	5 or fewer	49	N/A
Over \$25 million	5 or fewer	27	N/A
Total	23,489	34,081	68.9%

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 3.15 details the reason for minimum tax payment for the minimum excise tax returns.

**Exhibit 3.15—Tax Year 2003 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	16,572
Minimal income in current year	1,402
Losses Carried Forward	
Losses carried forward from prior years result in zero income or loss	5,162
Losses carried forward from prior years result in minimal income	118
Credits	
Credits reduce tax to minimum	193
Combination	
Combination of losses carried forward and credits reduce tax to minimum	42
Total	23,489

Minimum tax returns appear in all industry sectors. Exhibit 3.16 shows minimum tax returns by sector.

**Exhibit 3.16—Tax Year 2003 C Corporation Excise Tax Returns
Minimum Tax Returns By Industry Sector**

Industry Sector ¹	Returns Paying Minimum Tax	Total Returns	Percent Paying Minimum
Agriculture, Forestry, Fishing, and Hunting	1,142	1,639	69.7%
Mining	43	65	66.2%
Utilities	41	52	78.8%
Construction	2,568	3,476	73.9%
Manufacturing	1,439	2,158	66.7%
Wholesale Trade	1,957	3,306	59.2%
Retail Trade	1,552	2,497	62.2%
Transportation and Warehousing	577	855	67.5%
Information	552	723	76.3%
Finance and Insurance	1,263	2,333	54.1%
Real Estate, Rental, and Leasing	738	1,292	57.1%
Professional, Scientific, and Technical Services	1,811	2,715	66.7%
Management of Companies and Enterprises	199	353	56.4%
Administrative, Support, and Waste Management	817	1,207	67.7%
Education Services	118	171	69.0%
Health Care and Social Assistance	1,456	1,905	76.4%
Arts, Entertainment, and Recreation	190	268	70.9%
Accommodation and Food Services	626	924	67.7%
Other Services (except Public Administration)	1,202	1,635	73.5%
Unknown	5,198	6,507	79.9%
Total	23,489	34,081	68.9%

¹ The order and definitions for these sectors is from the North American Industry Classification System. For additional information on NAICS sectors, please see Appendix B — "Selected Glossary of Industry Sectors."

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

With few exceptions, S corporations pass their income (or loss) through to their shareholders. The income is not taxed at the corporation level; rather, it is taxed as income of the shareholders. S corporation income is taxed at the corporate level when an S corporation has built-in gains or net excess passive income.

S corporations paying either the income or the excise tax file Form 20-S. The minimum tax for excise taxpayers is \$10 and the minimum tax for income taxpayers is \$0. Corporations doing business in Oregon are subject to the minimum excise tax even if they pass their income through to shareholders.

Exhibit 3.17—Tax Year 2003 S Corporation Tax Returns				
S Corporation Summary				
Dollars in thousands				
Type of Filer	Number of Returns	Number Paying Minimum Tax	Oregon Taxable Income	Oregon Tax
Excise Tax	47,088	46,889	\$13,202	\$1,402
Income Tax	710	607	\$253	\$16
Total 20-S	47,798	47,496	\$13,455	\$1,418

Exhibit 3.18 shows that most 20-S filers do not apportion their income between Oregon and other states, and most are domiciled (i.e., have their headquarters) in Oregon.

Exhibit 3.18—Tax Year 2003 S Corporation Tax Returns			
S Corporation Characteristics			
Dollars in thousands			
	Number of Returns	Oregon Taxable Income	Oregon Tax
Apportionment for 20-S Filers			
Multistate (Apportioned)	4,880	\$8,279	\$619
Nonapportioned	42,918	\$5,176	\$799
State of Domicile for 20-S Filers			
Oregon	43,480	\$10,786	\$1,205
Other	4,318	\$2,668	\$213

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, but they do 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 3.19 shows the number of returns and tax associated with 20-I filers.

Exhibit 3.19—Tax Year 2003 20-I Tax Returns			
Income Tax Returns Summary			
Dollars in thousands			
	Number of Returns	Oregon Taxable Income	Oregon Tax
Total 20-I Returns	230	\$1,371	\$66