



Oregon

Theodore R. Kulongoski, Governor

Department of Revenue

955 Center St NE
Salem, OR 97301-2555

RECEIVED
JUN 25 2008

June 20, 2008

BY:

John Sebert
Executive Director
National Conference of Commissioners on Uniform State Laws
111 N. Wabash Ave. Suite 1010
Chicago, Illinois 60602

Re: Review of Uniform Division of Income for Tax Purposes Act

Dear Mr. Sebert,

I am the director of the Oregon Department of Revenue. I am writing you in support of the efforts of NCCUSL to review and update the provisions of the Uniform Division of Income for Tax Purposes Act.

The State of Oregon, which is a member of the Multistate Tax Commission, adopted UDITPA in 1967. UDITPA has served the state well as a tool to assure that taxpayers assign a reasonable amount of income to Oregon and are treated fairly for tax purposes. However, as the economy has diversified, and the service sector has grown, the receipts factor provisions of UDITPA have become more difficult to apply. We have worked with other members of the MTC to develop consistent ways to meet the challenges presented by the limitations of UDITPA section 17. We have limited tools to do so.

I understand that you are hearing concerns from other interested parties, and some are urging abandonment of this project. I hope that the executive committee will acknowledge those concerns, and invite those who are voicing them to engage in the process and contribute to the deliberations of the drafting committee rather than stop work on this important project.

I believe it is critically important for NCCUSL to carry out its review and revision of UDITPA. The development of a new model act for state legislatures to review and consider for adoption will support consistency among the states, and provide clarity for taxpayers. The NCCUSL process, which allows for participation by a broad base of interested parties, is the best way to allow the states and taxpayers to inform the development of an updated model.



Tax administrators must deal with the challenges that our changing economy and business environment present. When we do that on our own, there is a higher risk of inconsistency and over- or under-taxation of multistate business taxpayers as a result.

Sincerely,

A handwritten signature in black ink that reads "Elizabeth Harchenko". The script is cursive and fluid.

Elizabeth Harchenko, Director
Oregon Department of Revenue

C: Governor Theodore R. Kulongoski
Justice Martha Walters, Oregon Supreme Court
Hon. Peter Courtney, President, Oregon State Senate
Hon. Jeff Merkley, Speaker, Oregon House of Representatives