



# This Week in State Tax (TWIST)

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## Oregon: Portland Localities Address Application of P.L. 86-272 to Business Taxes

Recently, [guidance](#) was issued on the application of P.L. 86-272 for purposes of the City of Portland Business License Tax, Multnomah County Business Income Tax, and Metro Supportive Housing Services Business Income Tax. For tax years beginning prior to January 1, 2023, P.L. 86-272 protections applied to a business on an intrastate basis, meaning that a business was protected unless its activities within the relevant local jurisdictions exceeded solicitation of sales (or activities entirely ancillary to solicitation of sales) of tangible personal property.

For tax years beginning on or after January 1, 2023, all three jurisdictions have adopted market-based sourcing and have revised their application of P.L. 86-272 to apply on an interstate basis, meaning that protection will apply only when a business's activities in Oregon do not exceed solicitation of sales (and activities entirely ancillary to solicitation of sales) of tangible personal property. In other words, a business with nexus in the local Portland jurisdictions, whose activities exceed solicitation of sales of tangible personal property anywhere within the State of Oregon, will not be protected from local taxes under P.L. 86-272. Please contact [Rob Passmore](#) with questions on the revised policy.

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