

Business Tax Administrative Rule 611.23-2

6101.9323-8A2 – Apportionment for Passenger Carriers (LIC-6.1828)

The percentage of net income apportioned to the City of Portland or Multnomah County for air and ground passenger transportation (airline, automobile, bus, and rail, etc.) who do business within the City of Portland or Multnomah County ~~may be~~ is determined using either of the following methods:

a. Departure Method. The following formula applies for this method:

$$\# \text{ Local Departures} / \# \text{ Departures Everywhere} = \text{Apportionment \%}$$

In the airline industry, different types of aircraft differentiate revenues (as with jumbo jets versus smaller planes). Airlines may determine the ~~apportionable revenues sales factor~~ in the following manner:

First, determine local sales for the numerator as shown below, then divide that amount by everywhere sales.

Type 1 plane ~~gross revenues everywhere sales~~ X % of local departures of Type 1 planes +
 Type 2 plane ~~gross revenues everywhere sales~~ X % of local departures of Type 2 planes,
 etc.

Example: Airline ZED has 100 departures locally during the year. Airline ZED has 5,000 departures during the year everywhere. This equates to an apportionment of 2%. However, Airline ZED receives a large portion of its income from flying jumbo jets out of Los Angeles and Seattle. Airline ZED has 2,000 departures everywhere which represent jumbo jets--only 10 of these jumbo jet departures are local departures. Therefore, Airline ZED may make the following apportionment determination:

-	Jumbo Jet	Regular Jet	Total
Everywhere Departures	2000	3000	5000
Local Departures	10	90	100
Local Percentage	.5% (1/2 of 1%)	3%	2 % (average)
Gross Revenues Everywhere Sales	10,000,000	5,000,000	15,000,000
Local Revenues Sales	50,000	150,000	200,000

200,000/15,000,000=Redetermined ~~Apportionment Sales Factor~~: 1.3333%

b. Ticket Sales Method. Gross ticket sales sold for departures from the City of Portland or Multnomah County (including station sales, ticket agent sales, internet sales, etc.) is included in the numerator of the apportionment fraction as City of Portland or Multnomah County ~~income sales~~. Other City of Portland or Multnomah County ~~incomes sales~~ from other activities must also be included in the numerator of the ~~apportionment fraction sales factor~~. The denominator of the ~~apportionment fraction sales factor~~ is ~~gross income total sales~~ everywhere. ~~Gross income Total~~

~~sales~~ everywhere shall be defined as gross ticket sales everywhere plus all ~~taxable-incomes~~ sales from ~~all~~ other activities.

Note: Applicable for tax years beginning on or after 1/1/2023.

XX-XX-2023

Thomas Lannom

Date

Director, Revenue Division

Adopted XX-XX-2023

DRAFT