

Business Tax Administrative Rule 611.23-2

611.23-2 – Apportionment for Passenger Carriers (LIC-6.28)

The percentage of net income apportioned to the City of Portland or Multnomah County for air and ground passenger transportation (airline, automobile, bus, rail, etc.) who do business within the City of Portland or Multnomah County 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 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 everywhere sales X % of local departures of Type 1 planes +
Type 2 plane 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)
Everywhere Sales	10,000,000	5,000,000	15,000,000
Local Sales	50,000	150,000	200,000

$200,000/15,000,000$ =Redetermined 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 sales. Other City of Portland or Multnomah County sales from other activities must also be included in the numerator of the sales factor. The denominator of the sales factor is total sales everywhere. Total sales everywhere shall be defined as gross ticket sales everywhere plus all sales from other activities.

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

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Thomas Lannom

Date

Director, Revenue Division

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