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Alert | State & Local Tax (SALT)



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Eugene Voters Approve 2% Tax on Large Retailers to Fund Clean Energy Programs

On Nov. 3, 2026, Eugene, Oregon, voters approved Measure 20-388, establishing the Eugene Clean Energy Fund and imposing a new annual licensing requirement and 2% tax on gross profits of certain large retailers in Eugene.

Who Is Subject to the Eugene Fee?

Beginning Jan. 1, 2029, the ordinance requires a qualifying "large retailer" engaged in "retail sales" in Eugene to obtain a license and pay an annual tax equal to 2% of gross profits from retail sales within the city.

A "large retailer" is defined as one engaged in retail sales in Eugene with gross profits exceeding $1 billion nationally and $500,000 in Eugene. The measure excludes certain businesses from the definition of a large retailer, including contractors, utilities, cooperatives, and credit unions. "Retail sales" are defined to include the sale to a consumer for use or consumption and not for retail and includes services, with banking services being called out explicitly.

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How Is the Eugene Fee Calculated?

The new tax is equal to 2% of "gross profits" from retail sales within Eugene, with groceries, medicines, residential garbage and recycling services, and healthcare services being excluded from retail sales. Gross profits is determined by deducting the costs that the business incurs for goods sold, i.e., cost of goods sold.

Where Will the Revenue Go?

Measure 20-388 establishes the Eugene Clean Energy Fund (ECEF), which the tax will fund, is to be used for: renewable-energy and energy-efficiency programs; clean-energy job training and apprenticeships; contractor support; green-infrastructure programs; and future clean-energy innovation.

How Does the Eugene Fee Compare with Portland's Clean Energy Surcharge?

Measure 20-388 bears a number of similarities to the Portland Clean Energy Surcharge (CES), which has been in effect since 2019. The CES is a 1% tax on large retailers' retail sales within Portland. A large retailer is defined by ordinance as any business with $1 billion of worldwide retail sales and $500,000 in Portland.

Eugene Measure Raises Potential Oregon CAT Preemption Questions

The structure of Measure 20-388 also raises questions under ORS 317A.158, the local-tax preemption provision enacted as part of Oregon's Corporate Activity Tax (CAT). ORS 317A.158 generally preempts localities from imposing taxes similar to the Oregon CAT. Considering the inclusion of a deduction for cost of goods sold, the new tax is structured similarly to that of the CAT.

What Businesses Should Consider

Although the tax does not take effect until Jan. 1, 2029, businesses selling in Eugene should consider the following:

1. **Threshold analysis**. Determine whether the business may exceed both the national and Eugene gross-profit thresholds.
2. **Gross-profit calculation**. Assess whether existing accounting systems can identify the gross profit associated specifically with retail sales occurring within Eugene.
3. **Sourcing**. Consider how sales and associated costs will be attributed to Eugene, particularly for businesses operating through multiple locations or sales channels.

Measure 20-388 represents a significant development in the evolving landscape of local business taxes in Oregon. Businesses that may be subject to the measure should evaluate their potential exposure well before 2029 and closely monitor the city's implementation process and any litigation concerning the new fee.

Author

This GT Alert was prepared by:

- Nikki E. Dobay | +1 916.868.0616 | Nikki.Dobay@gtlaw.com

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Greenberg Traurig's State and Local Tax (SALT) Team:

- Bradley R. Marsh | +1 415.655.1252 | Bradley.Marsh@gtlaw.com
- Marvin A. Kirsner | +1 954.768.8224 | kirsnerm@gtlaw.com
- Nikki E. Dobay | +1 916.868.0616 | Nikki.Dobay@gtlaw.com
- G. Michelle Ferreira | +1 415.655.1305 | ferreiram@gtlaw.com
- Scott E. Fink | +1 212.801.6955 | finks@gtlaw.com
- Colin W. Fraser | +1 949.732.6663 | frasercw@gtlaw.com
- Brian Gaudet | +1 617.310.6000 | Brian.Gaudet@gtlaw.com
- Courtney A. Hopley | +1 415.655.1314 | hopleyc@gtlaw.com
- Nicki N. Howard | +1 678.553.2100 | Nicki.Howard@gtlaw.com
- Barbara T. Kaplan | +1 212.801.9250 | kaplanb@gtlaw.com
- Ivy J. Lapides | +1 212.801.9208 | Ivy.Lapides@gtlaw.com
- Martin L. Lepelstat | +1 973.443.3501 | lepelstatm@gtlaw.com
- Joel D. Maser | +1 954.765.0500 | Joel.Maser@gtlaw.com
- Richard J. Melnick | +1 703.903.7505 | melnickr@gtlaw.com
- DeAndré R. Morrow | +1 202.533.2317 | morrowde@gtlaw.com
- Marc J. Musyl | +1 303.572.6585 | Marc.Musyl@gtlaw.com
- Glenn Newman | +1 212.801.3190 | newmang@gtlaw.com
- Neil Oberfeld | +1 303.685.7414 | oberfeldn@gtlaw.com
- Cris K. O'Neall | +1 949.732.6610 | oneallc@gtlaw.com
- John Ormonde | +1 202.331.3160 | John.Ormonde@gtlaw.com
- Robert C. Ross | +1 617.310.5299 | bob.ross@gtlaw.com
- Breen M. Schiller | +1 312.236.4943 | Breen.Schiller@gtlaw.com
- Ruben Sislyan | +1 310.586.7765 | sislyanr@gtlaw.com
- Jake B. Smith | +1 602.445.8334 | Jake.Smith@gtlaw.com
- Labry Welty | +1 214.665.3638 | Lab.Welty@gtlaw.com
- Samuel Weinstein Astorga | +1 415.655.1269 | Sam.Astorga@gtlaw.com
- Catalina Baron | +1 713.374.3656 | Catalina.Baron@gtlaw.com
- Bree Burdick | + 949.732.6502 | Bree.Burdick@gtlaw.com
- Will Fox | +1 202.530.8578 | Will.Fox@gtlaw.com
- Katy Stone | +1 415.590.5139 | Katy.Stone@gtlaw.com
- Samantha K. Trencs | +1 202.331.3100 | Samantha.Trencs@gtlaw.com

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- Jennifer A. Vincent | +1 415.655.1249 | vincentj@gtlaw.com

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