



CenterPoints

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I Want Climate Change

by Chuck Sheketoff

I want climate change.

No, I'm not talking about an increase in Earth's temperature that would melt the polar ice caps.

I'm talking about a change in the political climate in Oregon that would melt lawmakers' reluctance to reform our corporate tax system — change that would fulfill Oregonians' desire to see large corporations doing business here pay their fair share in taxes.

Oregon's corporate income tax system is broken. It's so riddled with loopholes that big corporations today are paying about half of the income taxes, as a share of their profits, that they paid in Oregon a generation ago.

The number of large profitable corporations paying the minimum tax (almost two out of three) is the miners' canary of a broken tax system. More than 5,000 profitable corporations operating in Oregon paid no income taxes in 2006 beyond the \$10 minimum, and 31 of those freeloaders had more than \$1 million in Oregon taxable income.

The best test for whether reform has succeeded is whether profitable Intel has returned to its former role of number one corporate taxpayer, contributing \$50 million a year for Oregon's public services. Right now Intel's tax liability is so low they are selling their tax energy credits.

Lawmakers have yet to meaningfully discuss why our broken tax system enables large companies to get away with paying so little in income taxes as a share of their profits. And the corporate loophole lobby wants nothing more than to deep freeze that debate.

But here's how to warm things up: corporate disclosure. By giving the public more information about the tax liability of large corporations, the political climate would change and the legislature would be compelled to address the issue.

Disclosure would require large corporations — those that are publicly traded, financial corporations, large employers (say, 250 or more employees) and those with sales in the millions — to file a report with the Secretary of State of their total US income, their total income subject to Oregon taxes, and their final tax liability after using all tax breaks like income tax credits. Small businesses and personal service corporations would be exempt.

By itself disclosure will not change Oregon's corporate tax laws. But once Oregonians learn how Oregon's tax system does not treat all corporations fairly and allows many profitable corporations to pay less in income taxes than what families pay, the movement for a equitable corporate tax reform will reach a boiling point. That's why the corporate loophole lobby opposes disclosure.

Disclosure would help, not hurt, Oregon's business climate. Just as federal disclosure to the Securities and Exchange Commission promotes confidence in corporate America, state disclosure would be salutary for Oregon's business climate. It would show that companies can operate here and make a profit, and it would allow Oregonians to identify and acknowledge the good corporate citizens who don't shirk their tax obligations.

Related materials:

[New Data Show Thousands of Profitable Corporations Pay No Oregon Income Taxes Except the \\$10 Minimum: "Which ones are playing us for fools?,"](#) February 23, 2009

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No one has yet come up with an example of potentially damaging information or trade secrets that corporate disclosure of tax liability would reveal. The measure would merely require reporting of yesterday's information tomorrow. That is neither a trade secret nor proprietary information that would aid a competitor. That is why Intel, a business in a highly competitive industry, in the past (when it was the foremost corporate taxpayer) voluntarily disclosed how well it supported public services through the income tax.

The time has come for all corporations to pay their fair share. That's the change that Oregonians want. Corporate disclosure would create the climate change to bring it about.

Charles Sheketoff is executive director of the Oregon Center for Public Policy, which does in-depth research and analysis on budget, tax, and economic issues with the goal to improve decision making and generate more opportunities for all Oregonians.

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