



COMMITTEE ON TAXATION

June 2, 2015

Oregon State Legislature
House Committee on Revenue

Re: FEI Committee on Taxation Opposes H.B. 2099 and H.B. 2077

Dear Chairman Barnhart and Members of the Committee:

Financial Executives International's (FEI) Committee on Taxation is writing in opposition to H.B. 2099, a bill to expand the list of purported "tax haven" jurisdictions, and H.B. 2077, a bill to require publication of confidential taxpayer information.

FEI is the leading advocate for the views of corporate financial management. Its almost 11,000 members hold policy-making positions as chief financial officers, treasurers, and controllers at companies from every major industry. FEI enhances member professional development through peer networking, career management services, conferences, research, and publications. Members participate in the activities of 74 chapters in the U.S. and a chapter in Japan. FEI represents both the providers and users of financial information. FEI's Committee on Taxation formulates tax policy for FEI in line with the views of the membership. This letter represents the views of the Committee on Taxation.

H.B. 2099

The Committee on Taxation respectfully asks that you give all due consideration to the letter dated May 28, 2015 from the Council On State Taxation (COST) in which COST states its opposition to H.B. 2099 as introduced and Amendments "-4", "-6", and "-9", and affirms its support for Amendment "-8". The Committee on Taxation asks that the Committee approve Amendment "-8". The COST letter is enclosed for your reference.

H.B. 2077

The Committee on Taxation opposes H.B. 2077 as introduced and with the proposed amendments. The Committee on Taxation believes that the disclosure of confidential tax information violates taxpayer privacy and business confidentiality. Public disclosure of detailed business information creates misperceptions and puts taxpayers in the position of defending their tax returns in the press on issues entirely extraneous to the legality or propriety of their business practices. Such disclosures also may be manipulated by those seeking to make headlines without a foundation or understanding of the underlying facts and law. Furthermore, business trade secrets and other sensitive information could be accessed from these disclosures by competitors in and outside the jurisdiction of the State

of Oregon (including foreign governments unfriendly to the United States) and used for their economic gain or military advantage.

A taxpayer's tax liability should be determined by law, not by subjective criteria or newspaper headlines. State departments of revenue should determine through their audit and investigative processes whether a taxpayer has properly reported and paid taxes due under its state laws. If concerns exist, then state legislatures should conduct appropriate oversight of their tax agencies or require more disclosures on the confidential tax returns.

H.B. 2077 would also have the unintended consequence of discouraging taxpayers from disclosing pertinent information to taxing authorities. The confidentiality of tax returns is a principle long enshrined in income tax systems because confidentiality encourages taxpayers to disclose sensitive financial and business information to the taxing authority. If confidentiality cannot be assured, taxpayers will have to weigh the risks of public disclosure when preparing tax filings.

If you have any questions regarding the Committee on Taxation's position on this or other matters, please contact Karen Lapsevic, Director, Government Affairs at 202-626-7809 or klapsevic@financialexecutives.org.

Thank you for your consideration of our views.

Sincerely,

Committee on Taxation
Financial Executives International

Enclosure