

HB 4035 C Corporations Corporate Excise Tax Reporting

Testimony for House Revenue Committee -



Chair Barnhart, Members of the House Revenue Committee,

Tax Fairness Oregon supports HB 4035. Collecting data on who uses and benefits from tax credits, abatements, etc. is necessary for assuring a good return on taxpayer investment.

We know that Oregon's corporate taxes are some of the very lowest in the nation. DOR's 2015 Report on ***Oregon Corporate Excise and Income Tax Characteristics of Corporate Taxpayers*** (see Exhibits 3.13 and 3.14) aggregates data about the number of C corporations paying the corporate minimum ("almost 69 percent of all C corporation taxpayers paid the minimum tax for tax year 2013" based on Oregon sales) and how many are taking tax credits (for tax year 2013, minimum tax payments have been reduced by more than \$9.5 million through the use of credits). **These are eye-opening statistics. But we don't know which companies are carrying their weight and which are not.**

Without that transparency, Legislators and the public cannot clearly evaluate whether our current policies of investing in economic development are creating the intended outcomes. We cannot evaluate if tax revenues received and the jobs created by company X over time are worth the investment of foregone taxes due to tax credits, awards and abatements. Without this information, we cannot make sound plans to alleviate the revenue problems our state faces, and restore funding to many crucial services that we have lost in the public sector.

The argument that taxes paid by a corporation receiving tax credits are proprietary and should be confidential is a smokescreen for a company wanting to shield itself from revealing just how few taxes it has paid. Taxes are not intellectual property and should be considered public information.

We read the bills and follow the money

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Tax Fairness Oregon supports HB 4035 for fostering government accountability.

We wish to comment on the Oregon Associated Industries comments submitted to this committee that opposes HB 4035.

-OAI states "From an empirical perspective, having legislators or the public examine public lists of taxpayers is not useful in formulating tax policy" due to "the lack of public understanding of the complexities of corporate income taxes, especially as they apply to multi-state business entities." Although this claim is based on "an empirical perspective," no evidence is offered to back it up. Another way to state this would be "the facts indicate that we need to protect corporations from the public's ignorance by keeping them ignorant (however, we provide no facts to support this.)"

Legislators and citizens should have access to information that casts the brightest light on how our tax policy is being applied. Oregon citizens who are forgoing tax revenue as a result tax breaks have a right to know how these tax breaks are applied and specifically who is benefitting.

Billions of dollars of tax credits, subsidies, grants, tax abatements, etc. are granted on an individual, not an aggregate basis. When tax breaks are sought and granted, they are justified on the basis of beneficial economic impact. Arguing that the individual results of these breaks need to be obscured by aggregation is self-serving and disingenuous. If corporations fear that exposing the minimal information required by HB 4035 would provide insufficient context for Oregon legislators and citizens to fully appreciate how Oregon benefits from these tax breaks, the corporations would be well served to provide additional information and context to increase the understanding of our legislators and citizens. Included in this additional information could be details of the other, hidden "substantial taxes" they are paying.

Providing the non-aggregated data prescribed by HB 4035 will increase the visibility and accountability of our tax policy and implementation.

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