

**Officers, 2016-2017**

**Amy Thomas Laub**  
Chair  
Nationwide Insurance Company

**Arthur J. Parham, Jr.**  
Vice Chair  
Entergy Services, Inc.

**Robert J. Tuinstra, Jr.**  
Secretary & Treasurer  
E.I. DuPont De Nemours  
and Company

**Theodore H. Ghiz, Jr.**  
Past Chair  
The Coca-Cola Company

**John J. Pydyszewski**  
Past Chair  
Johnson & Johnson

**Bobby L. Burgner**  
Past Chair  
General Electric Company

**Robert F. Montellione**  
Past Chair  
Prudential Financial

**Douglas L. Lindholm**  
President  
Council On State Taxation

**Directors**

**Barbara Barton Weiszhaar**  
HP Inc.

**Deborah R. Bierbaum**  
AT&T

**C. Benjamin Bright**  
HCA Holdings, Inc.

**Paul A. Broman**  
BP America Inc.

**Michael F. Farchia**  
Capital One Services, LLC

**Tony J. Chirico**  
Medtronic, Inc.

**Susan Courson-Smith**  
Pfizer Inc.

**Meredith H. Garwood**  
Charter Communications

**Denise J. Helmken**  
General Mills

**Frank G. Julian**  
Macy's Inc.

**Beth Ann Kendzierski**  
Apria Healthcare, Inc.

**Kurt Lamp**  
Amazon.Com

**Mollie L. Miller**  
Fresenius Medical Care  
North America

**Rebecca J. Paulsen**  
U.S. Bancorp

**John H. Paraskevas**  
Exxon Mobil Corporation

**Frances B. Sewell**  
NextEra Energy, Inc.

**Warren D. Townsend**  
Wal-Mart Stores, Inc.

**Frank A. Yanover**  
GE Capital Americas

**Nikki E. Dobay**  
Senior Tax Counsel  
(202) 484-5221  
[ndobay@cost.org](mailto:ndobay@cost.org)

March 16, 2017

Oregon State Legislature  
House Committee on Revenue

**Re: Comments Opposing H.B. 2019 and H.B. 2940, Corporate Tax Disclosure**

Dear Chairman Barnhart and Members of the Committee:

On behalf of the Council On State Taxation (COST), I am writing in opposition to H.B. 2019 and H.B. 2940, both of which require publication of confidential taxpayer information. H.B. 2019 would require the Department of Revenue and Legislative Revenue Office to work together to rank and make public certain taxpayer information for C corporations that have apportionment factors of less than 100 percent and that claim a yet to be determined amount of tax expenditures, including but not limited to tax deductions, tax exclusions, tax subtractions, tax exemptions, tax deferrals, preferential tax rates, and tax credits.

H.B. 2940 would require the Department of Revenue and Legislative Revenue Office to work together to make public certain taxpayer information for the 25 "largest" corporate Oregon taxpayers based on the following categories: the taxpayer's Oregon sales; Oregon taxable income; total amount of corporate excise tax credits claimed under Oregon law; and Oregon tax liability. Because disclosure of such information will serve no public policy and is arbitrary and punitive in nature, COST respectfully urges this Committee to reject both H.B. 2019 and H.B. 2940.

COST is a nonprofit trade association consisting of approximately 600 multistate corporations engaged in interstate and international business. COST's objective is to preserve and promote equitable and nondiscriminatory state and local taxation of multijurisdictional business entities.

The COST Board of Directors has adopted a formal policy statement in opposition to disclosure and publication of confidential taxpayer information.<sup>1</sup> That policy statement position is:

*Taxpayers have a justifiable expectation of privacy. State departments of revenue audit business taxpayers on a regular basis to ensure that all relevant tax laws are appropriately enforced; releasing specific business tax returns or information from those returns to the public would serve no policy purpose.*


<sup>1</sup> See COST Policy Statement:

[http://www.cost.org/uploadedFiles/About\\_COST/Policy\\_Statement/ConfidentialityOfTaxpayerInformation.pdf](http://www.cost.org/uploadedFiles/About_COST/Policy_Statement/ConfidentialityOfTaxpayerInformation.pdf).

COST has consistently warned against violating taxpayer confidentiality under the guise of transparency. H.B. 2019 and H.B. 2940 would make certain taxpayer return information public record, to the benefit of no one. Rather than inform the public policy debate, both H.B. 2019 and H.B. 2940 would mislead both legislators and the public into thinking that businesses do not pay substantial taxes, when in fact business pay substantial taxes, especially in areas other than the corporate income tax. The corporate income tax is the most volatile state revenue stream because of business cycles and intended tax code features. If the Legislature is concerned that certain classes of taxpayers are inappropriately taxed, it should ask the executive branch for aggregate information for that class of taxpayers. Showing that a specific taxpayer did not pay corporate income tax for a given year – because of loss carryovers, current year profitability, tax credits, or some other reason – is not going to help the policy debate. In fact, it will likely harm the debate, as the reason for the taxpayer’s Oregon income tax liability will likely not be apparent or understood from the information disclosed.

Further, limiting disclosure to C corporations that have apportionment factors of less than 100 percent and that claim a certain amount of tax expenditures, as required by H.B. 2019, or to “the largest 25 taxpayers” in various random categories, as required by H.B. 2940, underscores the fruitless, punitive, and arbitrary nature of these proposals. Thus, COST respectfully requests the Committee to reject both H.B. 2019 and H.B. 2940.

Sincerely,



Nikki E. Dobay

cc: COST Board of Directors  
Douglas L. Lindholm, COST President & Executive Director