



Date: March 16, 2017
To: House Revenue Committee, Chair Barnhart and Members
From: Laurie Wimmer, OEA Government Relations
RE: *HB 2019 and HB 2940 [Corporate Accountability]*

On behalf of OEA's 44,000 members in public schools and community colleges, it is my honor to testify in support of the two corporate transparency bills before the committee today.

Our members have long supported efforts to shed light on the degree to which corporations doing business in Oregon pay their fair share for the privilege of that commerce. We note that these two bills call for public reporting only on those multi-state – and not Oregon-only – businesses for purposes of the public report. This seems like a sensible approach, and we thank the committee and the proposals' makers for their thoughtful construction of these proposals.

As you know, property tax liability, whether of residential owners or of commercial property holders, is already a matter of public record. We believe that there has never been a contention that this public reporting has been a barrier to competition in the business world. Furthermore, SEC filings are also public, and they too include significant data about businesses. The requirement of C corporations to report to the SEC does not seem to impair competition either. Finally, several other states make state corporate tax information public without business impairment, as testifiers from those states have told previous Oregon legislative assemblies.

According to the Oregon Center for Public Policy, corporations doing business in Oregon contributed through their excise or income taxes approximately 18 percent to the General Fund in 1973. That number now has sunk to below 6 percent. Some of the shift may be attributed to selecting a different filing method, but surely much of it is due to the proliferation of corporate tax breaks over the decades, as well as other form of tax avoidance. We believe Oregonians have a right to know. So too do legislators and advocates, who are working to revise our tax system so that it is fair, stable, and adequate.

Individual taxpayers who are employees have their income taxes withheld from their pay checks. We have no similar system for corporations, leading some to dub corporate taxes as "voluntary taxes". We know that there are many good corporate citizens operating in our state, who make a fair contribution for the opportunity to do business here. Corporate tax transparency will lift up these good actors and celebrate their good citizenship.

According to a 2014 report by the Institute on Taxation and Economic Policy and the Center for Tax Justice,

"A vital starting point for state corporate tax reform is ... to require corporations to disclose publicly, on a state-by-state basis, the amount of corporate income tax they pay and the major factors determining that liability (or lack thereof). ...Sensible goals for corporate tax disclosure efforts include:

- ✓ *Identifying all the substantial tax deductions, exemptions and credits claimed by each large corporation in a state.*
- ✓ *Evaluating the net impact of these tax breaks on the bottom-line income tax payments of each corporation.*
- ✓ *Assessing the effectiveness of these tax breaks in creating jobs and growing the state's economy.*

While the measures listed above can help identify prominent “zero-tax” corporations, they are insufficient in determining whether corporations are paying their “fair share” of corporate taxes. Only disclosure of a company’s in-state profits can allow an accurate analysis of whether specific companies are paying anywhere close to the statutory tax rate in their state.”

[\[http://www.itep.org/pdf/CorporateTaxDodgers50StatesReport.pdf\]](http://www.itep.org/pdf/CorporateTaxDodgers50StatesReport.pdf)

We hope that you find these national experts’ guidance helpful as you form Oregon’s tax transparency policy.

Thank you so much for considering these bills, which will help Oregon develop a better strategy for supporting the critical services in education, health care, and human services that our people value. Perhaps, with this information, we will be able to repair the structural problems that have led us to have a \$1.8 billion hole in the budget despite a growing and prosperous economy.