



Nikki E. Dobay
Senior Tax Counsel
(202) 484-5221
ndobay@cost.org

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. Pyszczewski
Past Chair
Johnson & Johnson

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. Carchia
Capital One Services, LLC

Tony J. Chiric
Medtronic, Inc.

Susan Courson-Smith
Pfizer Inc.

Meredith H. Garwood
Charter Communications

Denise J. Helmken
General Mills

Beth Ann Kendziarski
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.

May 10, 2017

Chairman Hass
Oregon State Legislature
Senate Committee on Finance and Revenue

Via E-mail

Re: Throwout Provision in S.B. 28

Dear Chairman Hass:

On behalf of the Council On State Taxation¹ (COST), I am writing to thank you and the Committee for your consideration of our previously filed comments in opposition to a specific provision in a prior amendment to S.B.28. On April 3, 2017, COST submitted a letter in opposition to the “throwout” provision included in the -4 amendment to S.B. 28. With the -4 amendment, S.B. 28 would repeal Oregon’s current cost-of-performance method for sourcing of services and intangibles and adopt market-based sourcing for such sales. As indicated in our April 3 comments, COST does not take a position regarding cost-of-performance versus market-based sourcing; rather, COST opposed the throwout provision included in that amendment. In the -8 amendment, the throwout provision has been removed from S.B. 28.

COST commends the Committee for acting on this issue. As pointed out in our April 3 opposition letter, including a throwout provision in a market-based sourcing bill is counterproductive and violates principles of sound tax policy. Again, COST does not take a position regarding cost-of-performance versus market-based sourcing, but would like to thank the Committee for addressing the concerns raised in our letter.

Thank you.

Sincerely,

Nikki Dobay

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

¹ 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.