



## Oregon Society of Certified Public Accountants

10206 SW Laurel Street Beaverton, Oregon 97005-3209 • PO Box 4555 Beaverton, Oregon 97076-4555  
503-641-7200 / 1-800-255-1470 • Fax 503-626-2942  
oscpa@orcpa.org • www.orcpa.org

### Oregon Legislative Assembly – 2017 Regular Session Hearing – Joint Committee on Tax Reform

#### Testimony related to House Bill 2830

**DATE:** June 13, 2017

Good morning Co-Chair Senator Hass, Co-Chair Representative Barnhart, Co-Vice-Chair Senator Boquist, Co-Vice-Chair Representative Bentz, Co-Vice-Chair Representative Smith Warner, and Members of the Joint Committee on Tax Reform.

For the record, my name is Tim Filkins. I am a member and Past Chair of the Oregon Society of Certified Public Accountants (OSCPA). I am a Certified Public Accountant with the firm of Timothy R. Filkins, CPA, LLC in Portland, OR.

We appreciate your joint efforts to navigate various strategies as you seek solution to our state's projected budget deficit and recognize that you will be deciding on some difficult choices.

The following comments are based on our experiences of working with our business clients, and our perspective on how tax rates affect businesses. We are providing input that we hope will be considered, and perhaps useful, in the committee's decision-making.

We recognize and understand that whatever final legislative outcomes occur, the result will be brought about by having to make tough choices on ways to raise additional revenue.

On behalf of the OSCPAs, I would like to briefly and respectfully advance a few considerations related to House Bill 2830:

#### **Tax Adjustment Considerations:**

- An adjustment to the corporate tax rate is likely the least intrusive method of adjusting taxes as businesses will be able to plan for those tax changes.
- With regard to the commercial activity tax, we applaud the Committee for considering the various industry types in determining what rate of gross receipts tax to apply. If you decide upon a gross receipts tax, a system like the one in the State of Washington which is the Business & Occupation (B&O) tax makes the most sense because it takes into account the industry in which the business operates.

**Considerations Related to the Gross-Receipts Tax (Commercial Activities Tax):**

- It is possible that a gross-receipts tax could have a negative effect on other functions in the business in that a gross-receipts tax could cause a company to devote more time resources in monitoring cash-flow, inventory levels and employee counts.

**Oregon Pass-Through Activities Tax Rate:**

- Although we understand that the Oregon PTE (OR-PTE) provision is being considered for repeal, we would ask the committee to consider amendment to the statute for the **Prior** years. The amendment that we suggest would allow eligible Oregon pass-through taxpayers to file amended returns to correct their **Prior** tax returns if the lower pass-through tax rate was omitted on their originally filed return.

Thank you for the opportunity to share perspective at today's hearing.

###