

## **Testimony on SB 1529A**

Chair Barnhart, Vice-Chairs Smith and Smith Warner, members of the Committee:

My name is Daniel Hauser, tax policy analyst for the Oregon Center for Public Policy, and I respectfully submit this testimony on Senate Bill 1529A.

I am here to comment on two significant sections of this bill: (1) how Oregon addresses multinational corporate taxation in 2017, with the repatriation of international profits, and (2) how Oregon addresses multinational corporate taxation in 2018 and beyond.

### **SB 1529A is right to ensure Oregon taxes repatriated profits**

Oregon is right to correct the quirk in our tax law to ensure we are not accidentally giving a tax cut to multinational corporations. Sections 28 to 34 in SB 1529A are prudent public policies that will reverse a revenue loss and create a revenue gain. We support this piece of the bill.

### **SB 1529A is wrong to eliminate Oregon's tax haven law**

It is a mistake to end one of Oregon's only tools in reducing corporate tax avoidance through the offshoring of corporate profits – our tax haven law. This law has preserved tens of millions of dollars in revenue from multinational corporations and protected Oregon taxpayers from these exploitative techniques.

Claims by proponents of the new federal tax plan that it will fix offshoring are questionable and premature. Adding GILTI, FDII, and other complex provisions will require significant rulemaking, will be tested in the courts, and will leave open new and innovative methods for shielding profits in tax haven countries. It is a mistake to assume that these new provisions will fix the problem before they have been implemented and tested – a mistake that could leave Oregon vulnerable to more corporate tax avoidance in the future.

SB 1529A can be easily improved by keeping Oregon's tax haven law in place and directing the Oregon Department of Revenue to study the overlap between the new federal tax system and Oregon's tax haven law. Only after the federal law is fully implemented, guidance has been published, and experts have had time to study the implications, should Oregon consider changes to our tax haven law.

I urge this committee to ensure repatriated profits are correctly taxed, and to keep Oregon's tax haven law in place.