

Corporate Tax Transparency Is Right for Oregon

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. We are a nonpartisan research organization that works to improve economic opportunity for all Oregonians. Part of this work is to analyze the data on corporate taxes – and understand what story this tells.

Corporate tax transparency is essential to create tax policy that best serves Oregonians and enhances corporate accountability and fairness.

Corporate tax transparency improves legislative decision making

Under current law, lawmakers lack sufficient information to fully understand if proposed corporate tax credits, economic development incentives, and other tax policy decisions are a responsible use of taxpayer money. Lawmakers are tasked with deciding if a policy change is a prudent use of taxpayer money – without full information. Corporate lobbyists provide their version of the truth by selectively sharing information on potential new hiring, investment, or impacts on the profitability of their corporation. This puts lawmakers at a disadvantage, where one of the parties at the negotiation table has far more information – and legislators have to guess at how accurate or complete that information is.

I have heard numerous cases in the House and Senate Revenue Committees where a corporation comes to the table and shares that this decision or that change will cause them to lose money or leave the state. Only through corporate tax transparency will this information imbalance even out, allowing lawmakers to make more informed decisions on behalf of Oregonians.

Corporate tax transparency furthers accountability and fairness

Corporate tax transparency is the foundation of accountability and fairness. None of us know if large corporations are paying sufficiently towards our shared public services. Some corporations could be paying next-to-nothing in taxes despite reporting substantial profits to their shareholders, and could still be asking for additional tax breaks – and lawmakers would have no way to know. Other corporations could have used tax avoidance schemes to gain a competitive advantage over Oregon businesses. The only way to pull back this veil of uncertainty is through corporate tax transparency.

Ultimately, this information will help Oregonians better understand why corporate taxes, as a share of the general fund, have declined by over two-thirds since the mid-1970s. Corporate tax transparency will help Oregonians and legislators understand what changes are needed to improve our corporate income tax system – and what changes are simply giveaways to profitable corporations.