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February 9, 2021

Oregon State Legislature
Senate Committee on Finance and Revenue
Senator Ginny Burdick, Chair
Senator Brian Boquist, Vice-Chair

VIA EMAIL

Re: COST Opposes Senate Bill 312

Dear Chair Burdick, Vice Chair Boquist and Committee Members:

On behalf of the Council On State Taxation (COST), I am writing in opposition to S.B. 312, which requires publication of confidential taxpayer information. S.B. 312 would require the Department of Revenue and Legislative Revenue Office to work together to report certain taxpayer information for C corporations that have apportionment factors of less than 100 percent and that claim a yet to be determined amount of tax expenditures, including but not limited to tax deductions, tax exclusions, tax subtractions, tax exemptions, tax deferrals, preferential tax rates, and tax credits. Because disclosure of such information will serve no public policy and is arbitrary and punitive in nature, COST respectfully urges this Committee to reject S.B. 312.

About COST

COST is a nonprofit trade association based in Washington, D.C. COST was formed in 1969 as an advisory committee to the Council of State Chambers of Commerce, and today COST has an independent membership of over 500 major corporations engaged in interstate and international business representing every industry doing business in every state. COST’s objective is to preserve and promote the equitable and nondiscriminatory state and local taxation of multijurisdictional business entities—a mission it has steadfastly maintained since its creation. Many COST members do business in Oregon and would be negatively impacted by this legislation.

Concerns with Taxpayer Confidentiality

The COST Board of Directors has adopted a formal policy statement in opposition to disclosure and publication of confidential taxpayer information. The policy position states:

Taxpayers have a justifiable expectation of privacy. State departments of revenue audit business taxpayers on a regular basis to ensure that all relevant tax laws are appropriately enforced; releasing specific business tax returns or information from those returns to the public would serve no policy purpose.

COST has consistently warned against violating taxpayer confidentiality under the guise of transparency. S.B. 312 would make certain taxpayer return information public record, to the benefit of no one. Rather than inform the public policy debate, S.B. 312 would mislead both legislators and the public into thinking that businesses do not pay substantial taxes, when in fact business pay substantial taxes, especially in areas other than the corporate income tax. The corporate income tax is the most volatile state revenue stream because of business cycles and intended tax code features. If the Legislature is concerned that certain classes of taxpayers are inappropriately taxed, it should ask the executive branch for aggregate information for that class of taxpayers. Showing that a specific taxpayer did not pay corporate income tax for a given year – because of loss carryovers, current year profitability, tax credits, or some other reason – does not benefit the policy debate. In fact, it will likely harm the debate, as the reason for the taxpayer's Oregon income tax liability will likely not be apparent or understood from the information disclosed. Further, limiting disclosure to C corporations that have apportionment factors of less than 100 percent and that claim a certain amount of tax expenditures underscores the fruitless, punitive, and arbitrary nature of these proposals. Thus, COST respectfully requests that the Committee rejects S.B. 312.

Conclusion

We appreciate the opportunity to provide comments on S.B. 312 and respectfully urge you to vote “no” on this bill.

Sincerely,



Erica Kenney

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