

Date: February 10, 2021

To: Senate Finance and Revenue Committee, Chair Burdick and Members

From: Laurie Wimmer, OEA Government Relations/Chair, Oregon Revenue Coalition

RE: SB 312 [Corporate Tax Transparency]

On behalf of OEA's 41,000 members, it is my honor to testify in support of SB 312, as amended. We thank Sen. Riley for his sponsorship of this bill.

OEA has long advocated for a fair and accountable way for Oregonians to know who pays through their taxes for the vital services we all value. We believe such knowledge helps lawmakers consider state-of-the-art tax policy; it helps voters understand the context behind tax proposals, especially when they reach the ballot; and the information clarifies to the small business community how to understand the business tax environment as they seek to compete on a level playing field.

More important still, basic information enables everyone to operate from the same set of facts in considering proposals to grant preferential tax treatment to certain entities over others, and the social and fiscal costs of doing so.

We have long advocated for such policy, both in the Legislature and with respect to ballot initiatives. We understand that our corporate friends are hesitant to share even limited information, even though they must share such data with the SEC. We would also note that their property tax data is publicly available already, though this bill would improve public access to and understanding of that information. We have heard that there are "proprietary" reasons for secrecy, so we are endeavoring to structure this transparency legislation in such a way that the multi-state, publicly traded entities subject to the bill are given a choice:

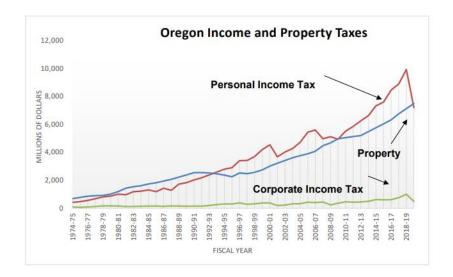
- If they wish to shield their tax information from transparency requirements, they may elect to do so, but then, they would not be able to take the tax credits, deductions, or other subsidies that other Oregon taxpayers subsidize.
- If their most important objective is to lower their tax liability by taking such tax expenditures to reduce their share of Oregon taxes paid, then Oregonians deserve to know key information that will help us discern whether a particular tax break really did stimulate economic development, create jobs, or have other community benefit that justifies the preferential tax treatment.

Taxpayers further deserve to know whether any given tax break is the most economically efficient method of impacting our economy, or whether a particular tax break just helps certain enterprises zero out their tax liability. This is especially an issue if the corporate taxpayer and its shareholders are based outside of Oregon – thereby exporting any economic benefit to some other state while Oregonians foot the bill.

Finally, over the years, corporate taxes in Oregon have remained predictably low, even as other taxes – on individual personal income, small businesses, and properties, for instance – have increased, both in terms of share and dollars. Corporate taxes as a share of revenue have plummeted from the 1970s from a high of 18%

of the General Fund to just 6% today. Our members would like to know the causes of this reduction, and we believe that transparency policy will give us the answer. (See graphic from the LRO's Basic Facts Report, below.)

For all these reasons, we believe that the amended version of SB 312, which seeks to carefully shed light on corporate taxes, is good public policy, and we urge this committee to support its passage.



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