

February 10, 2021

## **Testimony in Support of SB 312-1**

Chair Burdick, Vice-Chair Boquist, and 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 in support of SB 312 with the -1 amendment.

Oregon can take an essential step to fix the problem of corporate tax avoidance by enacting corporate tax transparency. By transparency, we mean requiring multi-state C-corporations to make public how much they pay in Oregon income and excise taxes, as well as enough information to understand what benefits Oregonians get from the many tax loopholes and subsidies that corporations use.

When some corporations avoid taxes, two things can happen: Either there are fewer resources for schools and other essential services, or someone else — families and small businesses — pays more to make up the difference.

The lack of public accountability makes corporate tax avoidance easier. Big corporations operate behind a veil of tax secrecy. Neither you nor the public knows how much Verizon or Bank of America pays in Oregon income or excise taxes, or what if any subsidies they get from Oregon taxpayers. The lack of transparency allows corporate tax avoidance to go unchallenged.

Though company-specific figures in Oregon are secret, publicly available data paints a picture of widespread tax avoidance. At a time of healthy corporate profits, the tax on those profits — the corporate excise tax — has failed to keep up. The share of Oregon income taxes paid by corporations has declined by more than 60 percent since the mid-1970s. Over a similar time frame, corporate excise tax payments have declined as a share of the state economy and paled in comparison to the growth in national corporate profits.

Or, consider the number of corporations that pay the corporate minimum tax. The most recent figures showed that seven out of 10 corporations paid just the minimum. In fact, nearly half of all C-corporations with more than \$100 million in Oregon sales pay the corporate minimum, which amounts to a paltry \$100,000, an effective tax rate of 0.1 percent or less.

The reasons for relatively weak corporate income tax collections at a time when profits have been strong are no great mystery. Both Oregon and the nation have seen a rise in the number of corporate tax breaks and subsidies. It is also clear that multinational corporations artificially shift profits to overseas tax havens to avoid paying taxes where those profits were earned.

Corporate tax transparency would increase accountability and fairness in Oregon's tax system. Specifically, corporate tax transparency would:

- Shine a light on how corporations avoid paying taxes, allowing the public and lawmakers to determine whether reforms to the corporate income tax system are needed.
- Discourage corporate tax avoidance.
- Clarify what Oregonians get in return for corporate tax breaks.
- Enable policymakers to evaluate corporate claims about the impact of proposed tax changes.

That's why the Oregon legislature should enact SB 312-1. The legislation would only require disclosure from corporations that meet three conditions: They operate in multiple states or nations; they are publicly-traded, such as on a stock exchange; and they benefit from a tax expenditure. The large corporations required to file a disclosure with the Oregon Secretary of State will need to provide information from two years ago on their sales, profits, and how much they benefited from each tax break available in Oregon, among other information listed in SB 312-1.

Enacting corporate tax transparency would increase accountability and tax fairness — a win for Oregonians.

I urge you to support SB 312 with the -1 amendment.