

February 10, 2021

To: Chair and Members of the Senate Committee on Finance and Revenue
From: Scott Bruun, OBI
RE: OBI Testimony in Opposition to SB 312

Chair and Members of the Committee:

I am Scott Bruun, Director of Tax & Fiscal Policy for Oregon Business and Industry, or OBI. OBI is the state's largest business trade association with over 1,600 members who employ more than 330,000 Oregonians.

For several reasons, OBI strongly opposes SB 312. First, **SB 312 is unnecessary**. We believe policy makers have more than enough sources of information to make informed, real-time decisions on corporate taxation and incentives. With gratitude, we have all watched LRO and DOR provide excellent background tax information and tutorials over these first few weeks of legislative session. In addition, other entities like Business Oregon and PSU's Economic Research Department provide regular data around Oregon's corporations and potential benefits utilized under our state's well-vetted economic development programs.

And if it's the regulatory aspect that is in question, it's worth remembering how heavily regulated publicly traded corporations are already. The SEC, the FTC and other regulatory bodies already require high levels of reporting, disclosure and precise corporate governance practices.

OBI is very concerned that the new and additional of corporate tax disclosure information called for in SB 312 may very well lead to the politicizing of that information. That would not be helpful.

SB 312 would also place Oregon businesses at a significant competitive disadvantage. Our corporations compete for markets, for market access, for the best employees, and of course must always work to protect proprietary information. That

competition is not just with companies across the river but also across the globe. Oregon corporations simply cannot compete in a way that would protect and strengthen their regional and global market positions if they must also disclose proprietary tax and performance information.

Finally, SB 312 does not help Oregon. The bottom-line is that Oregon is not an easy place to do business. As we have reported, taxes on Oregon businesses are projected to go up \$1.8 billion between 2019 and 2022 when new taxes introduced in 2019 are fully phased-in. This is a 41% increase, which hurts our ability to compete with other states for job-creating investments. And all of this is before the pandemic-caused economic storm we are weathering right now.

Whether it's because of taxes, or regulations, or some other factors, we have a very small number of publicly-traded companies headquartered in Oregon; that should be very telling, and alarming. We wish this were not true, but companies are not beating down the door to move to Oregon. SB 312 will not help us overcome that challenge, it will exacerbate it.

And SB 312, in the worst case, may also prove to be another disincentive for companies already in Oregon to stay in Oregon. Proponents may say it's a simple choice between sharing proprietary information or utilizing economic incentive programs. We should not be blasé about this. Companies also have third choice: leaving.

For these reasons, OBI respectfully requests that this committee not move forward with SB 312 or the -1 amendment.

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