

Oregon State Senate Finance and Revenue Committee
State Capitol Building
900 Court Street NE
Salem, Oregon 97301

Re: Endorse SB 312-1

Dear Chairwoman Burdick, Vice-Chair Boquist and members of the Committee:

My name is Jim Houser, I am a recently retired auto mechanic, co-founder of Hawthorne Auto Clinic in Portland, and Co-Chair of the Main Street Alliance of Oregon. I respectfully submit this testimony in support of SB 312 with the -1 amendment.

By all appearances, some (many?) of Oregon's largest and most prosperous corporations, those that typically benefit the most from Oregon's tax-financed investments in good schools, transport infrastructure, healthcare, etc., are avoiding their opportunity to pay their fair share to maintain and expand the very features that make Oregon the kind of state in which they want to locate their businesses.

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 has lagged. From 1980 to 2015, the profits of C-corporations nationally grew nearly 650 percent, not adjusting for inflation. Yet over the same period, corporate income tax collections — Oregon's tax on the profits of C-corporations — went up 250 percent.

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. This included half of all corporations with Oregon sales of over \$100 million.

Tax avoidance comes at a cost for Oregonians. Taxes pay for essential public services. When some corporations avoid taxes, it means either that there are less resources our shared public good, or that someone else — families and small businesses — foots the bill.

To help level the playing field and restore trust in the corporate tax system, it is necessary to lift the veil of corporate tax secrecy. Tax transparency would allow policymakers and the public to better understand what, if any, reforms are in order. Oregon's corporate income tax is like a car that's breaking down, making noises, and sputtering. To fix it, you need to look under the hood.

The information revealed by tax transparency would allow Oregonians to know what they get for the corporate tax subsidies they pay for. It's a good business practice to understand what your return on investment is; the same is true for the state when it comes to subsidizing businesses.

With ever more sophisticated and generously rewarded accounting stratagems, corporate tax avoidance is a problem that will only expand with time and ingenuity. Fixing the problem requires taking a look under the hood to understand what is causing it. Corporate tax transparency is the first step in redressing a system that leaves many businesses at a competitive disadvantage, deprives public services of resources, and sows distrust in the tax system.

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

Jim Houser, Co-Chair, MainStreet Alliance of Oregon