



House Revenue Committee

February 14, 2023

Testimony in Opposition to HB 2546

Chair Nathanson, Vice-Chairs Reschke and Walters, and Members of the Committee,

My name is Daniel Hauser, Deputy Director of the Oregon Center for Public Policy, and I respectfully submit this testimony in opposition to HB 2546 on behalf of the Center. The Oregon Center for Public Policy is a nonpartisan think tank dedicated to improving economic outcomes for all Oregonians, particularly low-income families and Oregonians of color, through research and analysis.

By eliminating a law known as the “throwback rule,” this bill would create a new corporate tax loophole. The throwback rule ensures that “nowhere income” – that is corporate revenue that is not taxed by any state – is “thrown back” to Oregon if the product is produced here.

Consider an Oregon-based corporation that sells 50 percent of its goods in Oregon and 50 percent of its goods in California, but has no nexus in California and thus is not taxed by California. Without the throwback rule, this corporation would avoid paying taxes on half of its profits, yet would be taking full advantage of Oregon’s infrastructure and educated workforce. Passing HB 2546 would:

Open an opportunity for tax avoidance by multi-state corporations: Without the throwback rule, Oregon would open the door to increased corporate tax avoidance. There are already enough tax loopholes in Oregon for multi-state corporations without creating another.

Distort the playing field away from Oregon-based corporations: Without the throwback rule, multi-state corporations have an opportunity to avoid paying taxes on some of their profits. By contrast, with or without the throwback rule, Oregon-based corporations that sell goods only in Oregon pay taxes on all of their profits, putting them at a disadvantage if this protection is repealed.

Reduce revenue for essential public programs: Eliminating Oregon’s throwback rule would reduce the amount of revenue that Oregon receives from multi-state corporations, lowering the resources available to fund affordable housing, child care, and other essential public services.

We urge you to reject HB 2546.

Our mission is to achieve economic justice for all Oregonians through research, analysis, and advocacy.

6420 S Macadam, Suite 200 ■ Portland, OR 97239-0127 ■ 971-279-4732 ■ OCPPI.org

