



House Revenue Committee

February 11, 2026

Testimony in Support of HB 4014-1

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

My name is Daniel Hauser, Deputy Director for the Oregon Center for Public Policy, and I respectfully submit this testimony in support of HB 4014-1 on behalf of the Center. The Oregon Center for Public Policy is a nonpartisan think tank dedicated to improving the economic outcomes for all Oregonians, particularly low-income families and Oregonians of color, through research and analysis.

Large global corporations have long manipulated the tax system to minimize their tax liability both in Oregon and across the globe. While some means of legally avoiding taxation have clever names, like the [Double Irish Dutch Sandwich](#), others involve more simple manipulation of transfer pricing and cross-border transactions to minimize tax liability. Whatever you call it, large corporations with foreign subsidiaries are able to structure their finances to leave us with less revenue than we would under a transparent and consistent global tax system. Consider Barbados, where [U.S. corporations claimed about \\$3.5 million](#) in profits per employee in 2022. That's more profit than the entire gross domestic product of Barbados, hardly a justifiable arrangement. Collectively, profit shifting has been estimated to cost the nation about [\\$77 to \\$111 billion](#) annually.

Since Oregon leans heavily on federal tax definitions and systems, evidence of corporations shifting profits out of the U.S. is also evidence of Oregon paying the price. From 1980 to 2024, national corporate profits have grown nearly twice as fast as corporate income tax payments to Oregon.

Despite what some may claim, the changes made to global corporate taxes by the federal Tax Cuts and Jobs Act of 2017 (TCJA) and Oregon's subsequent partial connection have failed to resolve the problem. Two provisions of the TCJA reform have proven to be ineffective at best: one (FDII) has been more [costly](#) than

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anticipated, and another provision (GILTI) has only had a [modest impact](#) on the U.S. tax base. And that's for the national impacts, where they include 50 percent of GILTI, while Oregon only includes 20 percent after incorporating the dividends received deduction. By connecting to FDII and including only 20 percent of GILTI, [Oregon leaves hundreds of millions of dollars](#) in revenue on the table every budget period.

There are various options for the state to carefully consider. For instance, reinstating Worldwide Combined Reporting, a policy that Oregon had several decades ago, could help shrink tax avoidance by global corporations.

The bottom line is that corporate tax avoidance by multinational corporations is a serious problem, depriving the state of revenue that it ought to be collecting. This means either that the state can devote fewer resources for schools and essential services, or that someone else — families and local businesses — foots the bill. HB 4014-1 contains a task force composed of legislators, experts, and impacted parties who could weigh the options for reform and come back with a proposal on how the state should proceed with taxing international income.

I urge your support of HB 4014-1.

