

My name is Martin Hart-Landsberg. I am an economist and professor emeritus at Lewis & Clark College. I am testifying in support of HB 2019 and HB 2940, which would give legislators the tools to make better decisions for Oregon's economy.

Policies that shape state finances affect all aspects of government. Oregon faces serious budget challenges because the state collects relatively little in taxes from businesses. Independent reports regularly rank Oregon last in the country for business taxes, so it is natural to consider higher taxes on businesses to meet revenue needs for schools, infrastructure, and public services.

A challenge emerges when policy makers set out to create fair policy to increase business taxes because legislative and public knowledge of taxes paid by public corporations at the state level is basically non-existent.

While publicly traded companies are required to disclose information on sales, profits, and taxes, the data are only provided at the national level, and not broken out by state. The aggregate national statistics can give us a sense of the big picture, but they are not available in enough detail to tell us about the effects of tax changes on any specific business.

As the public and the legislature debates business taxes, we do so without the knowledge needed to make accurate decisions. Instead of impartial information that shows the impact of taxes on certain industries, we must make guesses or rely on piecemeal information from the corporations themselves. Neither option promotes educated policy making. Currently, the majority of corporations in Oregon pay only the minimum income tax. Yet, the legislature has no tool to evaluate which businesses pay what. As corporations continually use more and more complicated accounting tools to change their tax burden, it becomes ever more difficult to see the likely impact of a tax proposal.

Detailed corporate tax information is equally important when it comes to designing and evaluating tax breaks. Tax incentives are one of the tools the state can use to incentivize economic growth and job creation, but determining the impact of a tax break or incentive is nearly impossible without tax transparency. Tax incentives are spending decisions, and the legislature has volumes of information about the investments it makes in schools, health care and senior care, it deserves the same level of insight into its investments into economic growth.

Tax transparency will also improve tax fairness. Studies in numerous states, including Oregon, have found that a very large number of corporations report zero taxable income. If we knew the identities of profitable corporations who report zero taxable income in Oregon, it would be easier to re-evaluate our corporate tax structure and reduce the opportunities for profitable corporations to make themselves look unprofitable on paper.

In sum, these bills would provide legislators with the information they need to craft smart tax policies for Oregon's economy. I urge you to support them.