



SB 851: GILTI and taxation of income “earned” offshore

Testimony for Senate Finance and Revenue – Jody Wiser – 2.24.2019

In 2018, this committee chose to eliminate Oregon’s tax haven law because of the belief that GILTI would provide similar taxing of income stashed offshore. Trusting you, the legislature followed along.

Prior to that short session, Oregon was one of a handful of states that had acted on the belief that the state’s revenue system deserves the funds gained by taxing income placed beyond “water’s edge” in low tax countries to avoid taxation. We were taxing the offshore earnings of a number of taxpayers that sell goods and services to Oregon’s citizens and businesses and thus owed additional taxes here under our tax haven law.

It appears that the understanding of the mechanisms of the TCJA were not well understood at the time. Frankly, this is beyond our expertise. But COST has called your attention to other states’ actions. We want to point out that most of those other states never had a tax haven law as did Oregon.

If the best minds of this building and beyond believe that this bill is necessary to achieve the intentions of 2018 – and tax income earned in low-tax countries beyond water’s edge, then you should act.