

**For Immediate Release**

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## **Oregonians to Lawmakers: Close the Con-way Tax Loophole**

Some 1,500 Oregonians have signed a petition asking Oregon lawmakers to close a tax loophole used by some corporations to get around the state's corporate minimum tax, allowing them to pay nothing in income taxes.

The tax loophole is costing the state about \$40 million in lost revenue in the current budget cycle, according to state officials.

"Oregonians know that it's wrong for profitable corporations to pay no income taxes, especially when Oregon children sit in overcrowded classrooms and college students face unaffordable tuition," said Chuck Sheketoff, executive director of the Oregon Center for Public Policy.

At least 24 corporations that made a profit in Oregon in tax year 2011 — including eight with profits of over \$5 million — paid no Oregon income taxes for that year, the Center's analysis of the most recent Department of Revenue data showed. These corporations paid nothing, even though Oregon has a corporate minimum tax, which voters increased when they enacted Measure 67 in 2010.

Corporations that pay less than the corporate minimum tax do so by taking advantage of a tax loophole created when the trucking company Con-way, Inc., prevailed in a lawsuit against the Oregon Department of Revenue. For its 2009 taxes, Con-way used tax credits to wipe out any taxes on its Oregon profits. The state's minimum tax enacted by voters in 2010, however, required Con-way to pay a \$75,000 minimum tax based on its \$79 million in Oregon sales. Con-way went to court, arguing that it should also be allowed to use leftover tax credits to eliminate its \$75,000 minimum tax bill. The Oregon Supreme Court agreed, approving a loophole that has allowed dozens of profitable corporations to reduce or eliminate entirely their minimum tax obligation.

The Oregon Legislative Revenue Office puts the cost of the Con-way loophole at about \$40 million this budget period and projects that the loophole will drain about \$18 million during the 2015-17 budget period and about \$19 million during 2017-19. The impact is greater this budget period because a number of corporations are filing amended returns for earlier years based on the Con-way loophole.

So far, over 1,500 Oregonians have signed a petition asking lawmakers to "close the Con-way Loophole."

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“When Oregon voters said ‘corporate minimum tax’ in 2010, they meant that all corporations, especially profitable ones, should contribute something — a minimum amount — toward the common good,” said Sheketoff. “Lawmakers must fix the drafting error in the law to uphold the will of the voters.”

The Oregon Center for Public Policy is a non-partisan research institute that does in-depth research and analysis on budget, tax and economic issues. The Center’s goal is to improve decision making and generate more opportunities for all Oregonians.