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## The Gaming and Decline of Oregon Corporate Taxes

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Corporations today pay far less in Oregon taxes than they used to — an outcome that did not arrive by accident. Rather, it is largely the result of powerful special interests having manipulated the system to their advantage.

Over the decades, corporate *income* tax contributions in Oregon have declined dramatically:

- As a share of the Oregon economy, corporate income tax contributions have shrunk by more than half since the late 1970s.
- In the 1973-75 budget period, corporations paid 18.5 percent of all Oregon income taxes. Today they pay just 6.7 percent, a decline of nearly two-thirds. Absent any significant policy change, corporations are projected to pay just 4.6 percent of all Oregon income taxes by the mid 2020s.
- Corporate income tax contributions have declined to such an extent that the Oregon Lottery now brings in more revenue.
- In recent years, many profitable corporations have paid nothing or next-to-nothing in Oregon income taxes.

The decline of Oregon corporate income taxes is the result of corporations gaming the system. The principal ways they have done so are by obtaining numerous tax subsidies and loopholes at both the state and federal level, by pursuing aggressive tax sheltering strategies, and by taking advantage of new corporate forms largely exempt from corporate income taxes.

Corporate *property* tax contributions have also declined significantly:

- In the late 1980s, businesses contributed about half of all property taxes levied in Oregon. Today, they contribute 40 percent.
- While corporations won big with the structural changes to Oregon's property tax system in the 1990s, they also successfully gamed the property tax system to receive significant tax breaks.

Because taxes are how we pay for schools and other public services that benefit everyone, the decline of corporate taxes has meant that working Oregonians, many of whom are already struggling to make ends meet, must shoulder an ever-increasing share of the load. This trend cannot continue if Oregon communities are to thrive.

The way forward is clear. Corporations doing business in Oregon must contribute more toward the common good. Lawmakers should close loopholes and end wasteful subsidies as well as enact strong corporate disclosure laws to shed light on corporate tax gaming.