


# Profitable Corporations Pay No Oregon Income Taxes

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## State corporate income tax avoidance spans the nation

Some highly profitable corporations are finding ways to avoid paying any state income taxes, Oregon and national data show.

At least 24 corporations that made a profit in Oregon in  2011, including eight with profits of over \$5 million, paid no Oregon income taxes for that year, according to the Oregon Center for Public Policy's review of the most recent Oregon Department of Revenue data.

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In total, 38 profitable corporations paid less than Oregon's

corporate minimum tax for tax year 2011, said Jason Gettel, policy analyst with the Silverton-based think tank. The corporate minimum tax increased from \$10 to a sliding scale ranging from \$150 to \$100,000 when voters approved Measure 67 in 2010.

Meanwhile, a national report released today found that, when adding up the income taxes paid to all states, 90 profitable Fortune 500 companies paid no state income taxes in at least one recent year.

“Thousands of middle class Oregon families are paying more in income taxes than some corporations pay after raking in millions in profits,” said Gettel. “Corporate tax avoidance makes it harder for our state to reduce overcrowding in our schools and invest in the other public structures that create a strong business climate.”

The ability of corporations to pay less than the corporate minimum tax – even zero – stems from an Oregon Supreme Court decision last year. Oregon’s highest court ruled that the trucking giant Con-way, Inc., could use a tax credit it had purchased to wipe out its minimum tax liability for tax year 2009, clearing the way for other profitable corporations to do the same.

“The decision left us with the Con-way loophole, whereby profitable corporations get away with paying nothing in corporate income taxes, not even our meager minimum tax,” said Gettel.

“When they raised the corporate minimum tax from \$10 a year, Oregon voters wanted every corporation, and especially the profitable ones, to pay something to support the common good,” Gettel said. “Lawmakers should uphold the will of the voters and close the loophole Con-way created.”

While the Con-way decision revealed that the company paid no Oregon corporate income tax for tax year 2009, the identities

of the two dozen or more profitable corporations that paid nothing for tax year 2011 are unknown.

“One of the shortcomings of Oregon law is that it keeps Oregonians in the dark as to how much, if any, a particular corporation has paid in state income taxes,” said Gettel. “If we had disclosure we’d be better positioned to close the Conway loophole.”

Federal securities law, however, does require corporations to disclose the total amount that they paid in state income taxes.

Using that nationwide data, the [Institute on Taxation and Economic Policy](#) (ITEP) and [Citizens for Tax Justice](#) (CTJ) calculated the sum of all state income taxes paid by each of 269 Fortune 500 companies that were profitable every year between 2008 and 2012.

The ITEP/CTJ report, [90 Reasons We Need State Corporate Tax Reform](#), reveals that 10 corporations paid no state income taxes over the entire five-year period taken as a whole, despite collecting over \$70 billion in combined profits, Gettel said.

Data on file with the U.S. Securities and Exchange Commission did not allow the researchers to determine the amounts paid in taxes to particular states.

Nevertheless, the report reveals that in some recent years a number of corporations with large operations in Oregon had a state tax bill of zero, or less, when adding up income taxes paid to all states.

Facebook, which opened a large data center in Prineville in 2011, paid no net state income taxes for tax years 2011 or 2012, according to ITEP and CTJ. The social media company reported nearly \$2.9 billion in profits over that two-year period.

In tax years 2008 and 2009, Intel “made more money by filing its tax returns,” Gettel said. Oregon’s largest private employer had a combined state income tax of negative \$40 million despite profits totaling \$9.4 billion in those two years.

“Oregonians have a right to know which large profitable corporations are using accounting gimmicks, special laws and loopholes to avoid paying income taxes on their profits,” said Gettel. “The time has come for Oregon to enact a corporate disclosure law.”

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.