



SENATE MAJORITY OFFICE

Oregon State Legislature
State Capitol
Salem, OR

NEWS RELEASE

June 24, 2013

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Senate closes tax loophole for out-of-state banks to protect vital services

HB 3477B repeals an obsolete law that allows banks to do business in Oregon without paying corporate taxes

SALEM—Today the Oregon Senate voted to close a loophole that allows nine out-of-state banks doing business in Oregon to pay no corporate income taxes. House Bill 3477B, which passed the Senate on a vote of 29-1, ensures that banks pay their fair share to support education and other vital state services.

“Tax loopholes that don’t benefit Oregonians have no place in our tax code. By repealing this tax break for out-of-state banks, we can direct more funding to protect important services that Oregonians depend on,” said Senate Majority Leader Diane Rosenbaum (D-Portland). “Senate Democrats are focused on setting the right priorities for the state budget, and it’s a clear choice to put the needs of children and the most vulnerable ahead of a tax break for banks.”

In 1999, the Oregon Legislature passed SB 26, creating an exemption in corporate income tax law that applies only to particular out-of-state banks doing business in Oregon. The exemption has created an uneven playing field as Oregon-based banks and local credit unions aim to compete with out-of-state financial corporations.

Repealing this loophole with the passage of HB 3477B corrects this inequity and will provide needed funding for vital services in the future.

“For too long, this unfair tax loophole has given tax breaks to out-of-state financial companies, with little benefit for Oregonians,” said Senator Alan Bates (D-Medford). “Closing this loophole gives local banks and credit unions a fair shot to compete, and helps ensure that Oregon taxpayers get the greatest value in critical services for every dollar.”

House Bill 3477B will now return to the Oregon House of Representatives for consideration of amendments made to the bill in the Senate.

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