

**TESTIMONY OF
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DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation
Hearing Date: *April 13, 2023*

LD #1337 – *“An Act to Require a Corporation That Files a Tax Return in the State to File a Tax Disclosure Statement”*

Senator Grohoski, Representative Perry, and members of the Taxation Committee – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am providing testimony at the request of the Administration Neither For Nor Against LD 1337, *“An Act to Require a Corporation That Files a Tax Return in the State to File a Tax Disclosure Statement.”*

Corporate tax transparency bills, such as this one, have recently been in the national tax policy discussion. Arguments in favor of such bills often include the idea that some corporations are somehow avoiding the tax that they “should” pay or that legislators and public policy analysts need additional information to formulate good tax policy proposals. While there may be some truth to those arguments in certain situations, the bill before you now is unnecessarily complex and over-broad, raising compliance, administrative, and technical issues. Moreover, consideration of the possible benefits of increased corporate tax transparency should be balanced with the longstanding importance of confidentiality in the tax system and non-confidential information sources should be explored.

We understand that Representative Matlack plans to put forward an amendment that would significantly simplify the bill and look forward to reviewing that amendment when it is available.

The Administration looks forward to working with the Committee on the bill; Representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee's questions.