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New Report: 265 Major, Profitable U.S. Corporations' Tax Avoidance Costs States \$42 Billion Over Three Years; Sixty Eight Companies Have At Least One Tax-Free Year

**The Institute on Taxation and Economic Policy and Citizens for Tax Justice Release
"Corporate Tax Dodging in the Fifty States, 2008-2010"**

Washington, DC – A comprehensive new study that profiles 265 consistently profitable Fortune 500 companies finds that 68 of them paid no state corporate income tax in at least one of the last three years and 20 of them averaged a tax rate of zero or less during the 2008-2010 period. These are among the findings in "Corporate Tax Dodging in the Fifty States, 2008-2010" released today by the Institute on Taxation and Economic Policy (ITEP) and Citizens for Tax Justice (CTJ).

"Our report shows these corporations raked in a combined \$1.33 trillion in profits in the last three years, and far too many have managed to shelter half or more of their profits from state taxes," said Matthew Gardner, Executive Director at the Institute on Taxation and Economic Policy and the report's co-author. "They're so busy avoiding taxes, it's no wonder they're not creating any new jobs."

Among the 20 corporations who paid zero or less in state corporate income taxes over the three year period are:

Utility provider Pepco Holdings (DC); pharmaceutical giant Baxter International (IL); chemical maker DuPont (DE); fast food behemoth Yum Brands (KY); high tech manufacturer Intel (CA). All 265 corporations, headquartered in 36 states, are listed in the report at www.ctj.org/corporatetaxdodgers50states.

"Corporate Tax Dodging in the Fifty States, 2008-2010" concludes that these 265 corporations cost states \$42.7 billion in lost revenues in the last three years, and Gardner identifies three chief causes for state corporate tax revenues steadily declining for two decades. First, state lawmakers continue to enact tax subsidies requested by corporations, most of which don't produce the promised economic results. Second, federal tax breaks enacted in the past decade further reduce state corporate income tax revenues since states generally accept corporations' federal tax numbers. Third, said Gardner, "and most insidious, is that multi-state corporations themselves devote their money and legal firepower to coming up with tax avoidance schemes."

The report describes profit shifting and other common corporate tax avoidance strategies and outlines several reforms state lawmakers can immediately implement to ensure profitable corporations doing business in each state pay closer to the statutory rate, including:

- Implement combined reporting, which effectively treats a parent company and its subsidiaries as a single corporation for state tax purposes. It eliminates most of the advantage of shifting profits into Delaware, Nevada and other low- or no-tax states.
- Decouple from federal tax loopholes, such as bonus depreciation, and other provisions which reduce the amount of taxable income corporations have to claim in their state tax filings.

- Increase disclosure, transparency and accountability. Corporations should be required to publicly report their in-state profits, as well as any subsidies or loopholes they are exploiting each year.

“Corporate Tax Dodging in the Fifty States, 2008-2010” follows up on “Corporate Taxpayers and Corporate Tax Dodgers, 2008-2010” which was published in November by Citizens for Tax Justice (CTJ) and the Institute on Taxation and Economic Policy (ITEP). The two groups released their first major study on the federal income taxes that large, profitable American corporations pay on their U.S. pretax profits in 1984. Because few states have transparency regarding business taxes, it is not possible to determine specific tax amounts paid by corporations to individual states; all figures in “Corporate Tax Dodging in the Fifty States, 2008-2010” are aggregate for taxes paid to all U.S. states by each corporation.

The newest study is online at www.ctj.org/corporatetaxdodgers50states.

Founded in 1980, the Institute on Taxation and Economic Policy (ITEP) is a 501 (c)(3) non-profit, non-partisan research organization, based in Washington, DC, that focuses on federal and state tax policy. ITEP's mission is to inform policymakers and the public of the effects of current and proposed tax policies on tax fairness, government budgets, and sound economic policy (www.itepnet.org).

Citizens for Tax Justice (CTJ), founded in 1979, is a 501 (c)(4) public interest research and advocacy organization focusing on federal, state and local tax policies and their impact upon our nation (www.ctj.org).