

COLUMBIA CORRIDOR
A S S O C I A T I O N

April 26, 2005

Senator Ryan Deckert, Chair
Senate Revenue Committee
Oregon State Capitol
900 Court Street, S-219
Salem, OR 97301

Dear Senator Deckert:

We are writing to you to express our opposition to Senate Bill 171-A. We believe that this legislation establishes unfair treatment of the state's energy utilities while failing to protect ratepayers from future rate volatility.

The Columbia Corridor Association represents the 2,000 diverse companies, employing 55,000 people, located in the Regionally Significant Industrial Area along the south shore of the Columbia River.

While we understand and share in the frustration over the PGE-Enron tax issue, we strongly believe that SB 171 is not the way to address this problem. Forcing a utility to file a deconsolidated state tax return while the utility is obligated to still file a consolidated return at the federal level opens up a "Pandora's box" of possible negative consequences for utilities and other businesses that currently file consolidated federal and state returns. There are far more effective ways to fix to the problem.

First, this legislation sends a strong signal to utilities not to diversify or create new businesses in our state. Second, changing the tax code for utilities does not necessarily guarantee more income to Oregon. Third, the legislation erodes the traditional "ring fencing" between the regulated utility company and its non-regulated affiliates. This is an important protection for utility customers. Finally, SB 171 calls for an unprecedented disclosure of non-regulated business taxpayer information to agencies beyond the state Department of Revenue. This provision alone should cause alarm to all businesses that pay taxes in Oregon.

For the reasons described above we respectfully urge the Revenue Committee to reject SB171-A.

Sincerely,



Corky Collier
Executive Director