

HB 2053-A Business Oregon Program Changes

Chair Nathanson and Members of the Committee

HB 2053-A gives the revenue committee the option of changing how some programs designed for encouraging economic development in Oregon work.

We applaud the agency for attempting to put more consistency in the programs.

We do wish, however, that all programs would operate with consistency such as in the original enterprise zones. In testimony the department mentioned that Marion County does not require the same standards as others. In looking at the department's submissions we see that Marion County wages are lower than other upper Willamette Valley Counties.

We also note that not all the programs discussed in the bill appear in the Tax Expenditure report. As money is rebated to entities under those programs should they not be included as they are reducing the resources available to lawmakers for other important programs of the state. It is our belief that any and all rebates provided by or through Business Oregon and the Governor's Strategic Reserve Fund should be listed. All programs, including forgivable loan programs should be included as well.

We think it is curious that Business Oregon in their prepared submissions would choose the wording, "whichever is less, naturally" when discussing the wage requirements. Whichever is less advantages the entity receiving rebates or incentives but is that not to the detriment of the economic health of the affected community.

Our chart based on the Department of Revenue's excel spread sheet listing the programs highlights the programs for which businesses obtain advantages. One program that is highlighted in HB 2053-A is the Long-Term Rural Enterprise Zone. It should be noted that not only is there a property tax element, there is an income tax element. The amounts are not revealed by the Department of Revenue as the few participants would be identifiable. In checking the Oregon Transparency web site for the County assessors reports the companies or their subsidiaries that might be receiving the income incentive are: Facebook, Apple, Google, Conagra Foods/Lamb Weston Inc., Columbia River Technologies, and the Murphy Company.

In addition, on the chart the Gigabit property tax amount is not available from the Department of Revenue, again because of taxpayer confidentiality. However, in an article in The Oregonian December 19, 2018 Mike Rogoway estimates the property tax exception as \$35 million.

The Chart highlights Tax Credits originating or substantially altered since the passage of Ballot Measure 5 in 1990 when Oregon's property tax system and school funding were altered.

The estimates are by the Department of Revenue working with the Legislative Revenue Office. I have added the zeros as the DOR notes that their columns are in thousands.

The chart separates out those credits associated with business or with a business component to put in perspective the "burden" that business carries in this state.

It is noted that the amounts are those projected for the 2019/21 biennium not a cumulative amount since the tax credit, exception etc. were placed into law.

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