



House Committee on Revenue  
Testimony in Support of HB 4010: Disconnection from Federal Opportunity Zone  
Provisions

Chair Nathanson, Vice Chairs Marsh and Reschke and members of the Committee.

My name is Trish Garner and I am the State Public Policy Chair of the American Association of University Women of Oregon. AAUW has been empowering women since 1881 by advancing equity through advocacy, education, and research.

How unfortunate it is that legislation that sounds so promising, i.e. promotion of Opportunity Zone investments in economically distressed areas, turns out to do exactly the opposite. In fact, not only have the tax breaks provided in President Trump's 2017 tax plan failed to augment investment in these areas, but by virtue of the fact that Oregon's tax system is tied to the federal, our state has been denied much needed revenue that would have and should have been available to fund other important priorities.

We certainly do not wish to deny individuals or groups from receiving returns on their investments, but when one balances the relative needs of individuals who are able to make significant investments versus those who are challenged to pay rent or put food on the table, or even those who cannot afford to put aside large amounts of funds for purposes of investment, it does not seem fair to award extraordinary deferrals and tax breaks to these investors.

The Opportunity Zone tax breaks have also not benefitted so-called distressed communities. Rather, in Oregon (and elsewhere) the investments have been made in prime, high dollar real estate developments in downtown Portland and Salem. A recent Bloomberg Businessweek article intones, "Welcome To Tax Breaklandia."<sup>1</sup> The "Breaklandia" refers to Portland's downtown area, such as the Pearl. Based in Charleston, South Carolina, the Cresset Partnership advertises itself as a leader in the Opportunity Zone market, having raised "substantial capital and partnered with top developers on institutional quality, core real estate properties in *high growth, primary markets*." One of its key developments is Eleven West in Portland Oregon, which they advertise as "Rising 24 stories, Eleven West will be the highest-end multi-family project in Portland and will offer optimal office space for the Portland market."<sup>2</sup>

Another fundamental problem with the Opportunity Zone tax break system is that Oregon investors don't even have to place their money in projects located in Oregon. They can invest in an Opportunity Zone fund that invests out of state. This means that

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<sup>1</sup> <https://www.bloomberg.com/graphics/2019-portland-opportunity-zones/>

<sup>2</sup> <https://cressetdiversifiedqoz.com/investment/eleven-west/>

everyday Oregonians are subsidizing lucrative investments on behalf of private investors with no benefit to themselves or their fellow citizens.

It is also the case that the Opportunity Zone tax break legislation provides no protections to those who might be pushed out of their homes to make way for big investments, nor are there clear guidelines as to what a "distressed" community might be.

Perhaps the most troublesome aspect of the Opportunity Zone tax break system is that Oregon is depriving itself of monies that are desperately needed to fund an array of important services, such as health care, policing, house-lessness, social services, education and more. After 10 years of holding the investment, investors pay no federal capital gains, which then means that Oregon isn't even able to see what monies they are losing.

AAUW of OR urges you to adopt HB 4010 and disconnect from federal Opportunity Zone tax breaks.

Thank you.

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