

To: Oregon State Senators / Representatives

Ref: HB 4010

Date: 02/11/2020

Good Day,

I am writing today to share my opposition of HB 4010 which would disconnect Oregon from the federal Opportunity Zone program and disallow the capital gains tax deferral benefits for Oregon investments. I can think of no reason this bill should pass as it has no evident upside, but in fact, is rife with negative consequences. Opportunity Zone tax benefits are linked to investment in our communities. I do not wish to see this investment so needlessly compromised as it is badly needed and welcome in our communities.

The apparent intention of HB 4010 to eliminate “tax loopholes” or deferment incentives that may reduce capital gains tax revenue into state coffers. HB 4010 would be a poor choice of programs to disincentivize, as Oregon would likely not realize those capital gains taxes anyway due to (1) Oregon taxpayers holding on to their taxable assets, (2) Oregon taxpayers investing in Qualified Opportunity Zones in other states, (3) Oregon taxpayers parking their capital gains into 1031 exchanges, and (4) out-of-state investors bypassing Oregon for other investment opportunities. In summary, there are so many options for investors with capital assets that it’s unrealistic to expect the state will realize capital gains revenue with HB 4010.

The costs to the state, and our local communities, by passing HB 4010 are far greater than any revenue benefits realized by the bill. Communities will lose out in housing and business development, the corresponding increases in local property tax bases, the loss of income taxes from jobs and businesses created, and the increases in capital gains revenue when assets invested in OZ’s begin to be sold. Closing the door to these opportunities seems unfathomable.

In short, HB 4010 creates needless disincentives for investment in our communities. We need every tool possible to create thriving communities and we ask that the state legislature partner with us and not create barriers. Please reject HB 4010. Respectfully submitted,

Tom Burdett

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