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On Behalf Of: Public Policy Board  
Committee: Joint Committee On Tax Expenditures  
Measure: HB2199

The Libertarian Party of Oregon opposes HB 2199.

Crony capitalism is alive and well in Oregon, and both enterprise zones and redevelopment/tax-increment financing create tax inequalities leading to an unfree and distorted market. Ad valorem taxation is just that - ad valorem (by value). Enterprise zones mean large business personal property owners do not pay their fair share - increasing the tax burden for the rest of the community and exempting prominent stakeholders from the risk of the political process of tax increases.

A principle of good governance is "Broaden the base, lower the rate." Enterprise zones already do the opposite - leading to further income inequality. A 2011 study by the National Bureau of Economic Research found that Enterprise zones do NOT increase employment, and that the program is ineffective at achieving its primary goals: <https://www.nber.org/papers/w14530>

Businesses investing in plant capital already do not pay sales tax in Oregon on the acquisition of that capital. Businesses also deduct accelerated depreciation of new capital from state and federal income taxes. We note a high proportion of enterprise zone beneficiaries are large social media companies operating data centers. These operations do not create jobs and they hog up the region's cheap hydropower - increasing the utility bills of common ratepayers. Moreover, the Big Tech corporate beneficiaries of enterprise zones have not been acting like corporate citizens. Many social media companies benefitting from these crony tax breaks have actively censored Libertarian voices.

Enterprise zones also further public corruption within Oregon's "pay to play" culture so often masquerading as progressivism, as greased palms facilitate enterprise zone creation. The Libertarian Party says: Let Enterprise Zones Die.