



HB 3039: Opportunity Zone profits should be taxed

Joint Committee on Tax Expenditures – Karen Nettler 5.23.2023

My name is Karen Nettler and I am here today on behalf of the Oregon Coalition of Christian Voices, which urges passage of HB 3039 without the -2 amendment.

Our faith traditions tell us that a society can be judged by how well it cares for its most marginalized members. Our scriptures tell us to seek to eradicate unjust social and economic structures that force people onto the margins, putting their well-being at risk.

The relentless growth of wealth disparity in our country and in our state over the past 50 years is a scourge on our society that needs to be resisted by those who follow Christ's message of caring for the poor. Federal Reserve data indicates that as of Q4 2021, the top 1% of households in the United States held 32.3% of the country's wealth, while the bottom 50% held 2.6%. This disparity is creating divisions in our society, contributing to economic instability for many of our neighbors, and to the increase of homeless souls in our streets.

Opportunity Zones were initially sold by supporters as a means of uplifting people in poverty and revitalizing cities. This has proven not to be the case. In fact, it has mostly exacerbated the disparity. In Oregon the most vivid example was the elimination of a food-cart court that supported dozens of small businesses to be replaced by the classic symbol of wealth, a Ritz Carlton. The developer then reneged on his obligation to provide a few subsidized apartments. So how will the Ritz Carlton help eliminate poverty and homelessness? By providing minimum wage jobs in housekeeping?

If the Ritz was an anomaly that would be one thing. However, we now have enough evidence that this is more the standard than the exception. While there are plenty of opportunity zones in locations that could benefit from additional capital, that is not where the investments have been made.

We oppose the -2 amendment because it would lock in the tax breaks for investments made to date. For those that say that the investments were made in good faith based upon the law at the time of the investment, we say that neither the people of Oregon nor their elected representatives ever got a chance to vote on it. In 2020, the short Session was ended abruptly just when the House was ready to vote on this very issue. We believe the votes were there to end our connection to this federal provision, but of course we will never know.

The investors in Opportunity Zones are by law required to be wealthy with either net worth above a million dollars or annual income for joint filers of \$300,000. Saying that they do not have to pay capital gains taxes while those of more modest means must pay the full amount on gains needed for their retirement clearly does not align with what Jesus taught us.

It is time that people of good will stand up and say enough. The wealthy need to pay their fair share. Vote no on the -2. Vote yes on HB 3039.