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April 14, 2025

Dear Chair Nathanson and Members of House Committee On Revenue:

RE: HB 2725

Morrow County is the 29th most populous county in Oregon. The County's nearly 14,000 residents historically enjoyed a mix of farming, ranching and timber production. The northern boundary is the Columbia River, where the second largest inland port in the state is headquartered. Importantly, the county is quickly becoming the largest producer of wind and solar energy in the state, including 40,000 acres of solar projects permitted. Morrow County is also leading the state in the construction of data centers. At the heart of this growth and investment is the prudent use of county economic development incentive programs. With this backdrop, I present the County's opposition to HB 2725 and proposed amendment 2.

HB 2725 is a response to HB 2009 (2023). In that omnibus bill, HB 2009 provided a much-needed adjustment to payment in lieu of tax programs by increasing the participation of special districts. Unfortunately, a late amendment added ports as a primary party to any Strategic Investment Program (SIP). *Notably, none of the staff materials or testimony addressed the purpose of adding ports.* This leads one to question the intent of suddenly adding ports to the SIP equation. The result is that the scope of port taxing districts has extended far beyond their operational boundaries, thus creating an adverse impact on a county's ability to utilize SIP incentives. Including ports in the SIP equation on equal grounds with counties and cities allows the 24 ports to have a disproportionate representation over other special districts and creates a *de facto* veto power for the ports in 14 counties when it comes to SIP incentives.

While HB 2725 attempts to reduce this impact of HB 2009 (2023), it fails to do so comprehensively and focuses the program on a small number of counties in an arbitrary manner, devoid of any justification or explanation. The introduced bill HB 2725 effectively results in HB 2009 impacting only three counties: Columbia, Morrow, and Umatilla. The proposed amendment-2 would directly impact five counties with ports along the Columbia River: Hood River, Wasco, Gilliam, Morrow and Umatilla. **Neither action provides any reason why these counties need to be treated differently from the rest of the state.**

I ask you, Chair Nathanson and Committee Members, to take a closer look at this law and program and to adopt changes that will provide a comprehensive and equitable correction to HB 2009's impact on county SIP incentives. HB 2725 and the current amendment-2 in their current forms do not accomplish this. I urge you to oppose HB 2725 until the SIP language is consistent for all ports and counties in the state.

Thank you for this opportunity to provide testimony on this issue today.

Sincerely,

Matthew Jensen
County Administrator