



HB 3049 -1 Strengthen or end this corporate income tax break for rural Oregon

House Revenue Committee – Jody Wisner – June 10, 2025

Chair Nathanson and members of the Committee, my name is Jody Wisner, testifying for Tax Fairness Oregon.

Oregon Investment Advantage offers ten years of personal or corporate income/excise tax breaks to businesses doing new things in rural Oregon.

The -1 amendment greatly improves the information available to OBDD in evaluating the program. It doesn't however, do anything about transparency.

We believe the users of the program, the taxes abated and the jobs and wages supported should be disclosed.

Likely most of these same businesses get property tax exemptions for which there is public disclosure. Yet the last time there were more than 10 businesses using this program and therefore any data published, was in the 2017-19 Tax Expenditure Report. As no information is provided if there are fewer than ten businesses enrolled we know nothing about the program since then.

Without that information neither you nor the public knows which businesses are getting subsidies from the state and at what cost per job.

Any business that doesn't want disclosure can choose not to participate.

From the 2017-19 Tax Expenditure Report we learned that there were nearly 1000 jobs at the businesses enjoying a total in PIT tax breaks of \$4.7 million and CIT of \$8.6 million for a total cost of \$13.3 million. Since then OBDD has provided no data because they are conforming "to taxpayer privacy disclosure laws, revenue impact numbers are not provided for tax expenditures that may affect at most a few taxpayers."

Additionally, we believe the wage requirements remain too low.

The current requirement is 150% of county per capita income. In Crook County, with per capita income of \$41,804, that sets a standard that the average of all jobs at a business getting the OIA tax benefit pay \$62,706 in 2025 since 2023 data is the most recent available. That year the average wage in the county was nearly \$13,000 higher, at \$75,529.

Clearly the wage requirement must be increased. Jobs we are subsidizing should provide above average pay, not below average pay.

As data is always dated, the requirement should be no less than 120% of county average wages.

We suspect that lumber companies, manufacturing and service firms have benefitted from the program, but that the many of the users have been data centers in the rural counties. Likely the drop in use in over the last half dozen years is because the data center businesses have aged out of the program, businesses where our subsidy might well have been far more than the total payroll at the facilities.

As in our first testimony, we believe the subsidy should not be more than \$50,000 per year for each full time equivalent employee (at 2080 hours). We certainly should all know if we are giving income tax subsidies of \$2,000, \$20,000, \$200,000 or \$2,000,000 per job, to whom, and what other benefits they are receiving. Without transparency, there is no way to evaluate the program. Public transparency is critical.

But we are also not convinced that this program should exist in our basket of subsidies.

We believe an amendment that ends the Oregon Investment Advantage program would be your best move. Adding transparency about the information collected, increasing the wage requirements and adding a sunset in two years is your next best move. Then at least you could actually evaluate the program.

We read the bills and follow the money