HB 4084 – The Governor's Prosperity Bill #2

House Revenue Committee – Jody Wiser – February 9,2026

My name is Jody Wiser and I am representing Tax Fairness Oregon, a network of volunteers who advocate a rational and equitable tax code.

The points I will discuss today are:

- **Lengthening enterprise zones**
- **Making sure our investments in industrial site readiness are effective before making more**
- **Reminding you of my testimony last week about excluding data centers from abatements**

Enterprise zone changes:

Proponents of the bill spoke highly of the provision modernizing the enterprise zone program. But of those who testified last week favoring this bill, none mentioned the three years being added. They spoke of greater flexibility and how much they appreciate having the program, but not the added years.

I've been directed to 2021's Oregon Property Tax Incentives Impact Study. It says the 3-5 year program has a better rate of return than the other two because of its shorter duration.
The study's calculation of the ROI shows that only the standard zone rates well.

Figure 20 on page 33, reports on taxes paid not by just direct employees, but also indirect and imputed employees. The ROI for each dollar of the standard exemption is:

- $1.35 for each dollar of abatement
- $.03 for the SIP
- -.$.84 for the long term rural zone abatements

The modest $1.35 for each dollar exempt is not sufficient to justify lengthening the time period of the standard exemption.

Five states that offer property tax breaks longer than five years were identified for me by an economic development officer.[1] Each of those states has a sales tax in addition to property taxes and income or B&O taxes. Further, except for Washington, the states we generally compete with are not offering exemptions as long as our own. What's the competitive advantage?

[1] Michigan, Virginia, Missouri, Illinois, Washington

We have no way of knowing what any individual business pays in income taxes.
Most of the urban centers are owned by private equity firms or as REITs, neither of which pays corporate level taxes. And those in rural Oregon are heavy users of tax havens, an approach to income tax evasion the disconnect bill chose not to address. So really, the only tax we can rely on is the property tax.

Giving it away an additional three years when our neighbors and the states we compete with do not is not rational.

The industrial lands $40 million in funding

Were I in your position, before I decide to spend another $40 million on infrastructure of industrial development rather than hungry children, I'd want to know where the last pots of money put into our two or three industrial development funds went and what it accomplished. I'd ask for a full report.

How much, when and where were the investments made, how many jobs have been generated in those specific areas since the improvements were made, generating what in income taxes?

For loans, what is the source of repayment? Will the businesses pay for the improvements as homeowners would when they purchase their property? Or is repayment from the diversion of property taxes or the income taxes of the employees?

Data centers:

I want to remind you of my testimony last week urging you to use this bill to:

- **Remove data centers from eligibility for our three property tax breaks, that are handing data center owners $457 million this year. End these property tax breaks and Oregon will still have the mass of undersea cables and lower taxes for data center owners than either Washington or California.**

This bill needs an amendment to remove data centers as eligible businesses for our property tax subsidies.

According to that same report Google, Facebook, Amazon, Apple and Intel received 75% of all abatements in 2019-20. Clearly most of that was data centers, and as there have been many more built since 2020, today the percentage is much higher.

I recommend to you last week's Oregonian article that points out the heavy cost per job of our property tax subsidies for data centers: $149,000 at Hillsboro's data centers while the subsidy of Intel is only $14,000 per job.

There is no doubt that Oregon has been a national champion in allowing tax breaks for data centers. It is why so many facilities and the undersea cables came here originally. But it's long past time for a change.

Data center's interest in Oregon is cemented. Neither the colocation facilities in Hillsboro nor the tech bros facilities in central and northeastern Oregon will move to Washington or California for future growth. First of all, the undersea cables are here. 10 to Hillsboro, 2 two Washington State and 15 to California which has 10 times the Oregon population.

And where would they go?
California has no tax breaks of any kind for data centers.
Washington has no property tax breaks and only partial sales tax breaks.
While we have no sales tax at all.

Ending the property tax breaks for data centers still leaves us the best deal on the west coast.

How do you pay for this bill's spending?

According to analysis by Marcia Kelley, we are already spending well over $600 million a biennium in income tax breaks for <u>corporations</u>.

Any new spending could be paid for:
By finding what you want to end in that pile of ideas of prior legislatures – IC Disc or Environmentally sensitive forestry equipment would be first on my list.
or
By limiting tax breaks for those using overseas tax havens. For those in the know these are the NCTI (GILTI) and D/C FDDEI (FDII) provisions.

- This fix will add close to $400 million per biennium to state revenue
- Only 20% of GILTI is taxed in Oregon, while 50% is taxed at the federal level and by 11 states.

Why do we give a bigger tax break than the federal government?

- It will not touch any Oregon business not hiding money in tax havens.
- These tax breaks are not even tied to investments in Oregon.

Thank you for your time and attention. This is important work you are doing.