

Chair Broadman, Vice Chair McLane and members of the committee:

My name is Catherine Thomasson. I am speaking on behalf of MCAT and the statewide Consolidated Indivisible Network.

I urge you to vote no on SB 1586 or significantly amend the bill.

Annexing 1700 acres of rural reserve farmland outside of the urban growth boundary is unnecessary when there is adequate industrial land to be used within the city.

But the major point I want to address is that Oregon has a huge revenue hole this year and worse in the years to come from loss of tax breaks linked to the federal HR-1 bill and loss of funding for SNAP, Medicaid and many other federal sources.

We cannot afford to add an additional 5 or even more years of property tax exemptions. According to the Oregon Property tax incentives impact study, there is a modest return on investment in Enterprise zones over the first 3-5 years but the longer exemptions in other similar programs come at a break even (SIP) or a loss in Rural Enterprise Zones in this report.

Under these provisions of the bill, a business will pay no property taxes for up to 10 years.

We are all paying for this loss in revenue because the general fund pays two thirds of K-12 education across the state. Let's look specifically at Hillsboro with its marked increase in IT, Data centers and industry and even population. The Hillsboro school system still receives 55% of its funding backfilled from the General Fund. Extending the enterprise zone exemption in these areas will make our revenue deficit much larger for all our other needs: affordable housing, mental health and the clean energy transition. This doesn't even mention that Fire Districts, libraries, emergency services and other local services are not getting funded.

**The second major point is that the federal definition of "advanced manufacturing" includes data centers** and even without it, massive data centers attached to anchor business could fill this site.

Data centers are not major manufacturing industry which gives the biggest rate of return on investment with many high-paying jobs, they are not even warehousing and transportation which also provides higher investment from the property tax exemption. They don't bring many jobs at all for the size of their footprint, and they are raising household electricity rates and outsized water usage. Many of their on-site jobs are janitorial and security. The largest center in Texas employs 100 people.

This bill needs to exempt all data centers from tax exemptions in enterprise or any other zones. They received \$330 million in 2024 which jumped to \$457 in 2025 and will only increase.

It's important to note that data centers will continue to come to Oregon without incentives. Benefits already include:

- Undersea cables with linkage that increases their connectivity.
- Columbia River cable goes underground and upriver.
- They pay no sales tax in Oregon, neither during construction nor afterwards.
- They are still being built in California without any tax incentives
- They are still being built in Washington with only partial sales tax reduction.

We all now know that data centers take inordinate amounts of electricity and water. They are receiving these relatively cheap resources in Oregon with no real restrictions. The investor-owned utilities are eager for these new customers and have been servicing them at the expense of residential and other industrial customers who are seeing their rates rise as more peak demand is being met with higher cost electricity.

Water usage is being selectively provided—even at the risk of reducing flow to fire hydrants according to Rep. Dacia Grayber. Many groups are beginning to look at the level of pollutants from evaporative cooling, especially in groundwater polluted areas. Water should also be tested for temperature before being dumped into streams in the summer.

Let's be clear-eyed about tax breaks and their repercussions in our state.

I really appreciate your time and concern to review this complex bill.