

Type of Company	Name
Mobile Radio	Assoc of Oregon Loggers
Mobile Radio	ARINC Inc
Mobile Radio	Cagle Communications
Mobile Radio	LR Putnam dba Cascade Teleco,
Mobile Radio	Silke Communications
Mobile Radio	Sis-Q Communicatons
Mobile Radio	Slater Sites Inc
Mobile Radio	Teletron Communications
Mobile Radio	Total Networks
Mobile Radio	Western Radio
Mobile Radio	Wireless Connection
Wireless	American Messaging
Wireless	Earthlink Inc
Wireless	Farmers Mutual Telephone
Wireless	GoGo
Wireless	Leap Wireless
Wireless	Litchfield County Cellular Inc
Wireless	Live Airfone
Wireless	Maritime Comms
Wireless	Sims Co dba Page One
Wireless	T-Mobile
Wireless	US Cellular
Wireless	USA Mobility
Tower	American Tower
Tower	Angel Mtn LLC
Tower	Crown Castle
Tower	Day Management
Tower	Garvin Towers
Tower	Red Butte LLC
Tower	SBA Communications
Tower	Subcarrier Communications
Tower	Tower Development
Cable/Internet	AT&T Inc
Cable/Internet	BT America Inc
Cable/Internet	Cal-Ore Telephone
Cable/Internet	Centurylink
Cable/Internet	Frontier Comms
Cable/Internet	Level 3 Comms
Cable/Internet	Sprint Consolidated
Cable/Internet	TATA Comms
Cable/Internet	TW Telecoms
Cable/Internet	Verizon Comms

Cable/Internet	Canby Telephone
Cable/Internet	Cascade Utilities
Cable/Internet	Eagle Telephone
Cable/Internet	4-T Investments
Cable/Internet	Answer Page
Cable/Internet	Ashland Home Net
Cable/Internet	Bend Cable Comms
Cable/Internet	Cable One Inc
Cable/Internet	Charter Comms
Cable/Internet	Comcast
Cable/Internet	DC Wireless ISP Inc
Cable/Internet	DirecTV
Cable/Internet	Dish Network
Cable/Internet	Wave Division LLC
Competitive Local Exch	Comspan Comms Group
Competitive Local Exch	Eastern OR Telecom
Competitive Local Exch	McLeod USA
Competitive Local Exch	Megapath Corp
Pipeline	Gas Transmission NW
Pipeline	Northwest Pipeline
Pipeline	Ruby Pipeline
Pipeline	Tuscarora Gas Transmission Co
Pipeline	U S Gypsum dba B-R Pipeline
Pipeline	Olympic Pipeline Co
Pipeline	SFPP LP dba Kinder Morgan Energy Partners
Electric	Idaho Power
Electric	PGE
Electric	PacifiCorp
Electric	Avista
Electric	Boardman Power Holdings
Electric	Hermiston Generating Co LP
Electric	Hermiston Power LLC
Electric - Alternative	Biomass One
Electric - Alternative	C-Drop Hydro
Electric - Alternative	Falls Creek HP
Wind Generation	Arlington Wind
Wind Generation	Caithness Shepherd Flats
Wind Generation	Condon Wind Power
Wind Generation	Echo Project
Wind Generation	ESI Vansycle Partners
Wind Generation	Eurus Combine Hills LLC
Wind Generation	Eurus Combine Hills II LLC

Wind Generation	FPL Energy Stateline II
Wind Generation	FPL Energy Vansycle
Wind Generation	Iberdrola
Wind Generation	Lime Wind LLC
Wind Generation	Patu Wind Farm LLC
Wind Generation	Telocaset Wind Power Partners LLC
Wind Generation	Three Mile Canyon LLC
Wind Generation	Wheat Field Power Project
Wind Generation	Willow Creek Energy LLC

Electric Coop	Blachly Lane
Electric Coop	Central Electric
Electric Coop	Columbia Basin
Electric Coop	Columbia Power
Electric Coop	Columbia Rural
Electric Coop	Consumers Power
Electric Coop	Coos-Curry Electric
Electric Coop	Douglas Coop
Electric Coop	Harney Electric
Electric Coop	Hood River Electric
Electric Coop	Lane Electric
Electric Coop	Mid-State Electric
Electric Coop	Oregon Trail Electric
Electric Coop	Salem Electric
Electric Coop	Surprise Valley Electric
Electric Coop	Umatilla Electric
Electric Coop	Wasco Electric
Electric Coop	West Oregon Electric

Electric PUD	Central Lincoln PUD
Electric PUD	Clatskanie PUD
Electric PUD	Columbia River PUD
Electric PUD	Dept. of W&P - City of L.A.
Electric PUD	Emerald PUD
Electric PUD	Northern Wasco County PUD
Electric PUD	Tillamook PUD

Electric Intertie	Power Resources
Electric Intertie	PUD #1 of Snohomish County
Electric Intertie	Puget Sound Energy
Electric Intertie	Seattle City Light
Electric Intertie	Tacoma Public Utilities

Cls I Railroad	BNSF Railway
Cls I Railroad	Union Pacific Railroad
Shortline Railroad	Albany & Eastern Railroad
Shortline Railroad	Central Oregon & Pacific RR
Shortline Railroad	Portland & Western RR

Private Railcar	ADM Transportation
Private Railcar	American Railcar Industries
Private Railcar	American Railcar Leasing
Private Railcar	American Soda LLP
Private Railcar	Andersons Inc, The
Private Railcar	Canpotex Leasing Ltd

Private Railcar	Cargill Inc
Private Railcar	Chevron USA Inc
Private Railcar	Chicago Freight Car Leasing
Private Railcar	CIT Group - Capital Finance Inc
Private Railcar	CIT Rail LLC
Private Railcar	CryoTrans
Private Railcar	Dow Chemical Inc
Private Railcar	First Union Rail
Private Railcar	FMC Corp
Private Railcar	GATX Corp
Private Railcar	GATX Rail Canada
Private Railcar	GE Rail Services Corp
Private Railcar	Georgia-Pacific LLC - GPSX
Private Railcar	Greenbrier Managements Services LLC (GBRX)
Private Railcar	Helm Pacific Leasing
Private Railcar	Midwest Railcar Corp
Private Railcar	Mitsui Rail Capital LLC
Private Railcar	Mosaic Crop Nutrition LLC
Private Railcar	Nova Chemical Inc
Private Railcar	Procor Ltd
Private Railcar	SMB Rail Services LLC
Private Railcar	Solvay Chemicals Inc
Private Railcar	The David J. Joseph Co
Private Railcar	Trinity Industries Leasing Co
Private Railcar	TTX
Private Railcar	Union Tank Car
Private Railcar	Valero Terminaling & Distribution Co

Airline	ABX Air
Airline	Air Transport LLC
Airline	Alaska Airlines
Airline	Allegiant Air LLC
Airline	American Airlines
Airline	Delta Airlines
Airline	Fed Ex Express
Airline	Hawaiian Air
Airline	Horizon Air Industries
Airline	Frontier Airlines
Airline	JetBlue Airways
Airline	Seaport Airlines
Airline	Skywest Airlines
Airline	Southwest Airlines
Airline	Spirit Airlines
Airline	United Airlines
Airline	United Parcel Service
Airline	US Airways Inc
Airline	Virgin American Inc

Gas Company	Cascade Natural Gas
Gas Company	NW Natural Gas
Gas Company	Avista
Gas Company	Enerfin Resources

Water Transportation	Bernert Barge Lines
Water Transportation	Foss Maritime

Water Transportation	Shaver Transportation
Water Transportation	Tidewater Barge Lines
Water Transportation	American Cruise Lines, Inc.
Water Transportation	American Waterways, Inc.
Water Transportation	Anchorage Launch Service
Water Transportation	Beamers Landing Inc
Water Transportation	Bernert Tug and Barge Inc
Water Transportation	Bill Bernert Tugboat Service Inc
Water Transportation	Crater Lake Lodge Inc
Water Transportation	Grants Pass Jetboats Inc
Water Transportation	Knutson Towboat Company Inc
Water Transportation	Mark Bernert Tugboat Co
Water Transportation	Olympic Tug & Barge Inc
Water Transportation	Rogue Jetboat Excursions Inc
Water Transportation	Roguejets Inc
Water Transportation	Ship to Shore Water Taxi
Water Transportation	Spex Sea Bird Limited
Water Transportation	Sternwheeler Excursions, LLC.
Water Transportation	WCP Inc
Water Transportation	Willamette Jetboat Excursions, LLC
Small Private Railcar	Adler Funding LLC
Small Private Railcar	Ag Processing Inc
Small Private Railcar	Agrium U.S. Inc
Small Private Railcar	Air Liquide Industrial U.S. LP
Small Private Railcar	Air Products and Chemicals, Inc
Small Private Railcar	Alberta Government, The (alpx)
Small Private Railcar	Alter Trading Corporation
Small Private Railcar	Americas Styrenics LLC
Small Private Railcar	AMG Resources Corp
Small Private Railcar	Akema Chemicals Inc
Small Private Railcar	Arrendadora Nacional de Carros de Ferro
Small Private Railcar	Ash Grove Cement co
Small Private Railcar	Atel Services
Small Private Railcar	Axiall, LLC
Small Private Railcar	Bakery Trading Co
Small Private Railcar	BASF Corp
Small Private Railcar	BP Corp N. America Inc
Small Private Railcar	Bunge N. America Inc
Small Private Railcar	California Railcar Corp
Small Private Railcar	Calpac LLC
Small Private Railcar	Canadian Enterprise Gas Prods
Small Private Railcar	Canam Minerals Inc
Small Private Railcar	Carmath Inc
Small Private Railcar	Cenex Harves States
Small Private Railcar	Chemical Wase Management
Small Private Railcar	Chevron Oronite Co LLC
Small Private Railcar	Chevron Phillips chemical Co LP
Small Private Railcar	Citicorp Railmark Inc
Small Private Railcar	CK Industries
Small Private Railcar	Coffeyville Resources Nirogen Fert
Small Private Railcar	Compann Capital Corp
Small Private Railcar	Conagra Foods
Small Private Railcar	Crystal Car Line Inc

Small Private Railcar	CW Brooks Inc
Small Private Railcar	CWR Transportation
Small Private Railcar	DAK Americas LLC
Small Private Railcar	Dana Railcare
Small Private Railcar	Delta Tank Line Co
Small Private Railcar	E I du Pon tde Nemours & Co
Small Private Railcar	East Carbon Development Co
Small Private Railcar	Edman Corp dba Schitzer Seel
Small Private Railcar	Elk Point Transportation Co LLC
Small Private Railcar	Enterprise Products Operating LLC
Small Private Railcar	Equistar Chemicals LP
Small Private Railcar	Essex Hybrid Seed Co Ltd
Small Private Railcar	Everest Railcar Services Inc
Small Private Railcar	Evonik Degussa Canada, Inc
Small Private Railcar	Excel Railcar Corp
Small Private Railcar	Exxon Mobil Corp
Small Private Railcar	GATX Rail Holidns Inc (alh)
Small Private Railcar	GBTX Leasing LLC
Small Private Railcar	Georgetown Rail Equipment Co
Small Private Railcar	Georgia-Pacific Chemicals LLC (GPPX)
Small Private Railcar	GLNX Corp
Small Private Railcar	Greenbrier for LaFarge N. America Inc
Small Private Railcar	Greenbrier Management Ser LLC (sjtx)
Small Private Railcar	Greenbrier Management Ser., LLC (magx)
Small Private Railcar	Greenbrier Management Ser., LLC (pmix)
Small Private Railcar	Greenfield Logistics,LLC
Small Private Railcar	Halliburton Energy Services Inc
Small Private Railcar	Helm Chesapeake LP
Small Private Railcar	Helm Financial Corporation
Small Private Railcar	Hess Corporation
Small Private Railcar	Holcim (US) Inc
Small Private Railcar	Ineos Abs (USA) Corporation
Small Private Railcar	Ineos Olefins & Polymers USA, LLC
Small Private Railcar	Ineos Oligomers
Small Private Railcar	Infinity Rail LLC
Small Private Railcar	Infinity Transportation LLC
Small Private Railcar	Intercoastal Capital Corporation
Small Private Railcar	Interstate Commodities
Small Private Railcar	J R Simplot Co
Small Private Railcar	JAIX Leasing Co
Small Private Railcar	Kemira Logistics Inc
Small Private Railcar	Knife River Corp - Northwest
Small Private Railcar	Koch Rail LLC
Small Private Railcar	Lane Forest Products Inc
Small Private Railcar	Linde LLC
Small Private Railcar	MHF Services
Small Private Railcar	MI LLC
Small Private Railcar	Midwest Railcar Capital Equip
Small Private Railcar	Minnesota Soybean Processors
Small Private Railcar	Nashtex Leasing Inc
Small Private Railcar	N. American Salt Co
Small Private Railcar	NTL Transportation LTD
Small Private Railcar	Nucor Steel Seattle Inc
Small Private Railcar	Occidental Chemical Corp
Small Private Railcar	Olin Chlor Alkali Logistics

Small Private Railcar	Omaha Track, Inc.
Small Private Railcar	Penford Products
Small Private Railcar	Phillips 66 Company
Small Private Railcar	Portland General Electric Co
Small Private Railcar	PPG Industries Inc
Small Private Railcar	Praxair Inc
Small Private Railcar	Progress Rail Services Corp
Small Private Railcar	Rail Connection
Small Private Railcar	Railcar Leasing Solutions Ltd
Small Private Railcar	Reagent Chemical & Research Inc
Small Private Railcar	Redstreak LLC
Small Private Railcar	Reichhold Inc
Small Private Railcar	Residual Based Finance Corp
Small Private Railcar	Rick Franklin Corp
Small Private Railcar	Rio Grande Chemical Ltd
Small Private Railcar	Rocky Mtn Transportation Svcs Inc
Small Private Railcar	S M Brooks Freight
Small Private Railcar	Saskatchewan Grain Car Corp (skpx)
Small Private Railcar	Savage Transportation Management Inc
Small Private Railcar	Schlumberger Technology Corporation
Small Private Railcar	Searles Valley Minerals
Small Private Railcar	SGA Leasing Co
Small Private Railcar	Shell Oil Company
Small Private Railcar	Sherwin Alumina Corp
Small Private Railcar	Shintech Inc
Small Private Railcar	South Dakota Soybean Processors
Small Private Railcar	Southern Rail Associates
Small Private Railcar	Southwest Rail Industries Inc
Small Private Railcar	Structural Metals Inc
Small Private Railcar	Styrolution America
Small Private Railcar	Styron LLC
Small Private Railcar	Sulcom, Inc.
Small Private Railcar	Sunoco, Inc. (R&M)
Small Private Railcar	Tate & Lyle Ingredients, Inc
Small Private Railcar	The Andrews Companies LLC
Small Private Railcar	The Boeing Company
Small Private Railcar	Total Petrochemicals USA, Inc
Small Private Railcar	Transportation Equipment Inc
Small Private Railcar	Trinity Chemical Leasing LLC
Small Private Railcar	Tube City Ims, LLC
Small Private Railcar	Tyson Foods, Inc
Small Private Railcar	Unimin Corporation
Small Private Railcar	Univar Canada Ltd
Small Private Railcar	US Borax Inc
Small Private Railcar	US Ecology Idaho Inc
Small Private Railcar	Vip Tank Car Service
Small Private Railcar	Vtg Rail, Inc
Small Private Railcar	Walter Haffner Co
Small Private Railcar	Waste Connections Inc dba NW Container
Small Private Railcar	Western Railroad Equipment Company
Small Private Railcar	Westlake Polymers Corp



Oregon Data Centers identified as of 2.21.2015

Rural:

Amazon - Port of Morrow-4, and Port of Umatilla-2*
Apple - Prineville**
Google - The Dalles, building second**
Facebook - Prineville, building second**

Urban data centers, most in Hillsboro:

Infomart**
ViaWest - 2 facilities, announced Feb 2015 that it would build a 3rd**
Adobe Systems**
Digital Realty**
NetApp**
Umpqua Holding **
Intel
Yahoo
OHSU - 2 facilities
CenturyLink
Nike
Comcast - announced building in progress in Nov 2014***
T6 Data Centers - announced it had started building in Sept 2014

* 5-year E-Zone properties per transparency website or lobbyists' words

** 15-year Rural Enterprise Zone, per agreements

*** <http://finance.yahoo.com/news/comcast-invests-hillsboro-oregon-205700329.html> "Construction on the Hillsboro data center is already in progress and is being completed by local Portland contractor, Fortis Construction Inc."

The 1999 Summary of Major Legislation is a compilation of selected bills, memorials, and resolutions considered during the Seventieth Oregon Legislative Assembly. This document contains the Legislative Assembly's principal enacted legislation, but does not contain all enacted legislation. Summaries contain background information, effects of enacted measures, and effective dates. Chapter number conversion tables for the 1999 Oregon Laws are also included. This document includes summaries of all vetoed bills and text of the Governor's veto messages, copied from <http://www.governor.state.or.us>.

Budget Highlights of the Legislatively Adopted 1999-2001 Budget is available through the Legislative Fiscal Office and on the Internet. The report summarizes major budget actions taken by the 1999 Legislative Assembly. *Revenue Measures Passed by the 1999 Legislative Assembly* is available through the Legislative Revenue Office and on the Internet. The report summarizes 1999 legislation related to revenue and school finance.

Although material in this document was reviewed for accuracy prior to publication, specific legal matters should be researched from original sources. The Legislative Administration Committee makes neither expressed nor implied warranties regarding these materials.

Complete committee history and final vote tallies may be obtained by consulting the *Final Legislative Status Report, Regular Session 1999*. Copies of the enrolled bills, resolutions, memorials, the *Status Report*, and additional copies of this document are available from Legislative Publications and Distribution. Additional information is available on the legislative website <http://www.leg.state.or.us>.

1999 Summary of Major Legislation

Policy, Research, and Committee Services
Room 453 State Capitol
Salem, Oregon 97310
503-986-1813
<http://www.leg.state.or.us/comm/pro.htm>

Legislative Fiscal Office
H-178 State Capitol
Salem, Oregon 97310
503-986-1828
<http://landru.leg.state.or.us/lfo/>

Legislative Revenue Office
H-197 State Capitol
Salem, Oregon 97310
503-986-1266
<http://www.leg.state.or.us/comm/lrohome.htm>

The full text of all legislative measures and additional copies of this document are available from:

Legislative Publications and Distribution

Room 49
State Capitol
Salem, Oregon 97310
(503) 986-1180
TTY (503) 986-1374

budget are reasonable, there is an important element of the Bureau of Labor and Industry's (BOLI) duties that is not adequately supported. Even though this budget contains an expenditure limitation for \$466,436 in Other Funds to support the Civil Rights Division, HB 2154, the bill which provides funding for the limitation, has not passed. Without such funding, the resulting shortfall has the effect of cutting funding for over 15% of the Civil Rights Division's caseload.

The civil rights of our citizens is a founding principle of both our federal and state constitution. It is inexcusable to leave in doubt our ability to enforce the civil rights of all Oregonians. I will gladly sign a budget identical to SB 5521 when I am assured that BOLI will have the resources needed to fulfill this crucial duty.

House Bill 2050

Relating to property taxation

HB 2050 would have exempted intangible personal property from taxation for centrally assessed utility companies. Historically, locally assessed industrial companies have been exempt from taxation of their intangible value; however, centrally assessed utility companies believe they are taxed unfairly when their real market value includes intangible value. These centrally assess companies have argued that they are investing in Oregon and should be given credit for this investment. Washington, Idaho, and California have recently exempted intangible value from centrally assessed utility companies, and the industry believes similar exemptions are needed in Oregon to "level the playing field." Provisions of the measure would have phased in removal of the intangible value from the utility's real market value over a three-year period.

Vetoed: September 3, 1999

Governor's veto message

I am returning herewith Enrolled House Bill 2050, unsigned and disapproved.

This bill is only slightly different from the "intangibles tax exemption" bill I vetoed in 1997. At the close of the 1997 legislative session I asked the Department of Revenue to assemble a work group to review the issue of the taxation of intangible

property of the centrally assessed utilities in Oregon and offer recommendations for legislative action. Unfortunately, the work group was unable to agree on any specific recommendations. The process did, however, reveal substantial information about the extent of property that is considered "intangible", the difficulty in estimating its value and the differing interests within the key industry groups.

While I find myself in the same situation as 1997, the stakes have become greater. School funding has been a focus of attention and a driving force in considering any further tax exemptions or tax expenditures. It is ironic that the search for revenue for public schools this session was competing with the legislature's desire to provide tax breaks to businesses and many other individual constituencies. While each industry group taken by itself might have a legitimate argument, the cumulative impact of these tax cuts further damages our ability to pay for public education as well as public services such as public safety and public health.

I have stated repeatedly in correspondence with the legislature, my key concerns with the exemption of intangible property including fairness, avoiding a shift in the tax burden from Oregon business to individual households, stability for taxing districts, and the importance of clear definitions in order to avoid litigation. Despite meaningful changes, HB 2050 does not satisfy these concerns. Lastly, HB 2050 provides property tax reductions for centrally assessed utilities that have enjoyed a substantial reduction in property taxes over the last nine years.

I regret that the legislature chose not to forward the one intangibles exemption of merit: the value of Federal Communications Commission licenses.

House Bill 2226

Relating to persons required to report child abuse

HB 2226 would have included employees of the Support Enforcement Division of the Department of Justice within the list of those required to report child abuse. It would have specified that failure to report abuse does not result in the victim having a private right of action against an individual with a duty to report. HB 2226 would have increased the civil fine for failure to report from \$1,000 to \$10,000 and would have allowed a licensing board or an employer to

Untitled

- HB 2050 Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of House Interim Revenue Committee for Air Transportation Association, Alaska Airlines, AT&T, Avista Corporation, GTE Northwest, Idaho Power, Nextel, Oregon Telecommunications Association, Pacific Corp, Portland General Electric, Sprint and USWest) -- Relating to property taxation.
- 1-12(H) First reading. Referred to Speaker's desk.
Referred to Revenue.
- 3-1 Public Hearing held.
- 3-2 Public Hearing held.
- 3-8 Public Hearing held.
- 3-9 Public Hearing held.
- 3-11 Public Hearing held.
- 3-12 Work Session held.
- 3-18 Work Session held.
- 3-24 Recommendation: Do pass with amendments and be printed A-Engrossed.
- 3-29 Second reading.
- 3-30 Third reading.
Motion to refer to Ways and Means carried. Referred.
- 4-1 Assigned to Subcommittee on General Government.
- 4-6 Public Hearing and Work Session held.
- 4-7 Returned to Full Committee.
- 4-9 Work Session held.
- 4-15 Recommendation: Do pass.
- 4-16 Rules suspended. Taken from today's Calendar and placed in proper order on Monday, April 19 Calendar.
- 4-19 Read. Carried by Strobeck. Passed.
Ayes, 34 --Nays, 25, Beck, Bowman, Butler, Deckert, Gardner, Hansen, Hopson, Jenson, Kafoury, Lehman, Leonard, Lowe, Merkley, Morrissette, Piercy, Prozanski, Rasmussen, Rosenbaum, Ross, Schrader, Sunseri, Taylor, Uherbelau, Walker, Wells, Excused, 1--Hill.
Vote explanation(s) filed by Uherbelau entered in Journal.
- 4-20(S) First reading. Referred to President's desk.
- 4-22 Referred to Revenue.
- 6-30 Work Session held.
- 7-7 Recommendation: Do pass the A-Eng. bill.
Second reading.
- 7-8 Carried over to 07-09 by implied consent.
- 7-9 Carried over to 07-12 by unanimous consent.
- 7-12 Third Reading. Carried by Beyer. Passed.
Ayes, 19 --Nays, 11, Brown, Burdick, Castillo, Corcoran, Duncan, Gordly, Lim, Nelson, Shields, Trow, Yih.
- 7-21(H) Speaker signed.
- 7-26(S) President signed.
- 9-3(H) Governor vetoed.

Exempts intangible personal property of centrally assessed utilities and companies from assessment and taxation. Phases out taxation of intangible assets over three-year period.

Applies to property tax years beginning on or after July 1, 2000.

In addition to enterprise zone property tax exemptions of 5 (urban) or 15 years, data centers may be using these income tax benefits as well. They are found in the Tax Expenditure Report on the pages indicated. Cost is for 2015-17. In each case, the credit isn't valuable if the business owes to income taxes.

Electronic Commerce E-Zone (Income Tax) - \$700,000 - page 156

Business must be located in an Electronic Commerce E-Zone. The benefit equals 25% of investment capped at \$2 million. Enacted 2001. Sunsets 12.31.2017.

Oregon Investment Advantage (Income Tax)- \$4 million - page 115

Designed for businesses locating in small communities in rural counties with high unemployment. Governor approves, business must intend to operate for 10 years, hire 5 or more employees for new operations by the business in our state. Has a very low wage requirement: average wage must be 150% of county per capita income. Available for 8 of 10 years. Reduces income taxes by 50% or less. Enacted 2001. No sunset date.

Long Term Rural E-Zone (Income Tax) - \$ not disclosed - page 153

Business must hire 10 to 75 fte, compensation (not wage) must average 150% of county average wage in a county with chronic unemployment or low income. Investment must be large - up to \$25 m. Tax credit for 62.5% of gross payroll cost for up to 15 years! Any corporate income tax payments are returned to the local community. Enacted 1997, Enacted 1997. Sunsets 6.30.2018.

Out-of-state data centers find tax haven in Hillsboro, in exchange for a job or two

2.16.2015 Oregonian

Out-of-state companies have been building data centers in Hillsboro to take advantage of a state program giving them up to five years of property tax breaks worth millions of dollars. In return, the companies promise job creation.

But the program, dubbed an "enterprise zone," only requires that such companies create one job. Some data centers provide barely more than that.



Fifteen Hillsboro businesses saved more than \$11.5 million in property taxes in 2013-14, thanks to the city's enterprise zones, [state records show](#). Those businesses have brought at least 1,360 jobs to the zone since 2009, in addition to building new facilities, purchasing from local companies and guaranteeing certain wages.

But Solarworld alone accounts for nearly half of the job creation and about three quarters of the 2013-14 tax breaks. In fact, three of the 15 companies - Solarworld, Jireh Semiconductor and TriQuint Semiconductor, which was recently [renamed Qorvo](#) after a merger - created 87 percent of the new jobs.

The median number of full-time jobs created among the 15 companies that benefited from the enterprise zone in the 2013-14 tax year is 12.

If the three largest employers were removed from the enterprise zone, about 75 percent of the remaining 2013-14 tax abatement would go to four data center companies that have created just seven full-time jobs since joining the zone, according to an Oregonian/OregonLive analysis of state data. The remaining quarter would go to eight companies that have created 170 jobs since 2009.

A company called [Infomart Portland](#) highlights the disparity. Infomart employed just one full-time worker in 2013, but received a greater 2013-14 tax break - over \$775,000 -

than Qorvo, which has created 330 full-time jobs since 2011 on top of the 600 full-timers it had already hired.

That's because the tax breaks are on new buildings and equipment. Infomart Portland's facility is a 240,000-square-foot data center at 21515 N.W. Evergreen Parkway opened in 2012. The out-of-state company's investment - the assessed value of the new property exempt from taxes - was more than \$45 million, according to the Oregon Department of Revenue.

Data centers, which are not big job creators, have **flocked to Hillsboro** since the city adopted the enterprise zone program. The state initiative allows Oregon cities to offer property tax relief for up to five years to businesses that bring new facilities, equipment and employment to the zone. Land and existing property don't qualify for the abatement.

A note about the data

The Oregon Department of Revenue provides jobs data for enterprise zone companies in the form of an annual average. So when this story says, "Infomart employed just one full-time worker in 2013," it means that Infomart employed an average of one full-time worker that year. (It's worth noting that Infomart also reported one employee as of April 1, 2014 on a separate section of the form.)

The enterprise zone program requires the creation of permanent, full-time jobs. Part-time or temporary jobs are not listed on the Department of Revenue's tally and so are not considered in this story.

Perhaps not coincidentally, data center equipment is typically replaced every few years.

"They have a fairly substantial capital expenditure," said Hillsboro Economic Development Director Mark Clemons of data centers. "The jobs they do create are higher-paid jobs."

In return for the tax

In return for the tax breaks, the program requires companies to increase full-time, permanent employment by either one new job or 10 percent, whichever is greater. If the firm is moving into Hillsboro from out of state, it only has to create one job.

Cities can also impose additional requirements. In Hillsboro, businesses have to increase purchases from local companies by 10 percent annually and guarantee that all

hourly wages are at least 150 percent of Oregon's minimum wage. Companies that win four- and five-year abatement have stricter minimum wage mandates.

Fortune Data Centers, the California company that operated the Evergreen Parkway facility before it merged with Texas-based Infomart, **once said** in a marketing pitch, "If power were free in California, it would still be cheaper to operate in Oregon."

John Southgate, Clemons' predecessor as Hillsboro economic development director, spoke to The Oregonian in 2011, after three data centers announced plans to move into the city's enterprise zone. He said then that the city could potentially raise the jobs threshold for the zone if data centers began consuming land at the expense of job growth.

Since then, the data center boom has continued in Hillsboro. ViaWest alone expanded an existing facility in 2013 and **announced last week** that it would later this year build the out-of-state company's third data center in the city, this one a 200,000-square-foot structure that will double its Hillsboro square footage.

Clemons said the city has not considered raising the enterprise zone's jobs threshold.

ViaWest had 16 full-time employees in the city before participating in the enterprise zone program beginning in 2013, according to the state. The company had hired an additional four people by April 2014. For that effort, the business won almost \$61,000 in tax breaks in 2013-14, and an undisclosed amount of new property is newly exempt in the current year. The recently announced facility will be exempt from property taxes, as well.

A note about the analysis

*Digital Realty's average employment in 2013 is listed as "N/A" by the Oregon Department of Revenue, and Business Oregon and Washington County officials couldn't immediately say why. On another section of the Department of Revenue's enterprise zone form, Digital Realty reported employing two full-time, permanent employees as of April 1, 2014. The Oregonian/OregonLive analysis used average employment in 2013, for which Digital Realty's total was marked "N/A," so that company's two jobs weren't included.

California-based NetApp contracted with Digital Realty, also of the Golden State, to build a 55,000-square-foot data center on Northwest Aloclek Place. Digital Realty leases space in the building to NetApp. Together, the two companies saved \$640,000 in

property taxes in 2013-14 and employed two full-time workers in 2013*. NetApp and Digital Realty also both have more property that is newly exempt this year.

"The city of Hillsboro rolled out the red carpet for us," said NetApp senior director Bob Lofton, according to [a city economic development document](#).

Silicon Valley's Adobe Systems, creator of the familiar PDF-reading software, operates a data center in Hillsboro. The company employed seven full-time workers in the city's enterprise zone as of April 1, according to the Department of Revenue, and began to benefit from property tax breaks in the current tax year. And Georgia-based T5 Data Centers [said in September](#) that it had started building a 200,000-square-foot facility in Hillsboro's enterprise zone.

Adobe, NetApp, Digital Realty, Infomart Portland and a handful of other Hillsboro companies are also enjoying tax credits on their state corporate income or excise tax returns. The [Electronic Commerce Zone Program](#), an add-on to the enterprise zone, gives eligible businesses a credit equaling the lesser of \$2 million or 25 percent of their total annual investment in the zone. Data centers qualify.

When discussing the enterprise zone program, public and business officials [frequently tout](#) it as a job-creation tool. In her ruling ordering the state to release enterprise zone jobs data, Deputy Attorney General Mary Williams [wrote](#) that "the creation of employment opportunities for residents is among the most significant goals" of the program.

And Hillsboro's enterprise zone certainly does create jobs. In fact, the zone is the state's largest, by far, in terms of job creation, total investment and tax abatement.

Reser's Fine Foods [plans to employ](#) about 350 workers at a new 300,000-square-foot facility now under construction in the zone. Jireh Semiconductor saved \$237,000 in 2013-14 to bring 233 new full-time jobs to Hillsboro. And Solarworld won nearly \$8.6 million in property tax savings in 2013-14 to create 620 jobs since 2009. The company [recently announced](#) plans to hire even more.

But Solarworld is an outlier.

Clemons acknowledged that the job-creation requirements of the enterprise zone program "are fairly limited."

"But I'm not sure I would say the primary purpose of the program is job creation," Clemons said. He described enterprise zones as "a tool for business development...for investment in the community."

Plus, the city can't block eligible businesses from participating. And data centers have other benefits to the city, Clemons said. They generate significant franchise fees from their high electricity consumption. They host data for other companies that are in turn exposed to Hillsboro. And they lease space to other businesses that could hire more employees.

"They are a critical element to the electronic infrastructure," Clemons said. They could also serve to attract other tech companies, he added.

For businesses that receive four- and five-year exemptions, the city charges a "community service fee" during years four and five. The fee is 25 percent of the abated taxes, and the money funds workforce development programs and scholarships like Portland Community College's **Future Connect**.

"The data centers add additional value to us as a community," Clemons said.

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SB 611 A

Central Assessment and Data Centers

Testimony for House Revenue 3.10.2015



There are two separate issues in SB 611-A: Data Centers and Communication Companies. The two should be considered separately, as they were originally, and each decided on their own merits.

The Comcast Fix:

You've been hearing for some time about the legal case being worked through the courts concerning taxation of Comcast and, by extension, other communication companies. Efforts to reduce corporate taxation are nothing new. Success with the legislature is why Oregon is rated amongst the most business-friendly states for business taxation. However, plummeting corporate taxes have been accompanied by stagnant per capita income growth. It's not working.

Since I've been coming to this building the Legislature has given our biggest corporations single sales factor income taxes, and 30 years of "no change" promises, so it stands to reason that Comcast, which might be losing in the courts, has come seeking redress from the potential court decision, and is asking you to provide a tax break. But it's time to stop saying "ok."

Central assessment and intangibles have been issues in the recent past on several occasions. In 1997 and 1999 the legislature passed bills that were vetoed, a veto message included these words:

"It is ironic that the search for revenue for public schools this session was competing with the legislature's desire to provide tax breaks to businesses and many other individual constituencies. While each industry group taken by itself might have a legitimate argument, the cumulative impact of these tax cuts further damages our ability to pay for public education as well as public services such as public safety and public health."

The issue arose again in 2005, and finally over the last couple of years because Comcast would prefer a legislative fix to a court decision. There is no fix that will keep either individuals or businesses from questioning their property taxes just as there is no fix that will keep folks from taking questionable income tax positions. But we urge you to not fiddle with our property tax system in ways that will reduce revenue from the 344 companies¹ that are centrally assessed.

The proposed legislation, which never made any attempt to be revenue neutral, got worse as business lobbyists asked for changes, even on the last day it was in the Senate Finance and Revenue Committee.

Our major point is that this is not a time for tax breaks. This committee and the Legislature as a whole should be looking for revenue increases, not reductions. Yet SB 611-A provides tax breaks for big corporations, of over \$18 million a year.

Under current law, centrally assessed property tax receipts have increased by \$100 m a year in just the handful of years, this despite Comcast's deferral of \$86 million they (and possibly a few others) may owe, depending on the outcome of their court case.

¹ See attached list

This part of our property tax base has been increasing, as it should. Phones and the internet are an increasing part of our lives -- both for business and in our personal relations. It is right that tax receipts reflect that reality. This increased property tax revenue should be expected and celebrated. We need this element of our property tax base to continue growing, not be curtailed, as it would be by SB 611-A.

We are simply not in the financial position to be reducing the taxes of corporations by over \$18 a year, or curtailing the annual increases in property taxes for a growth area of our economy. It doesn't matter what other states do. We have customers, and communication companies are here, they have even testified that they will not move.

Questions that should be asked about SB 611-A and intangibles

- 1) Why is reducing taxes of some businesses a goal?
- 2) Why has the 130% formula been chosen? Why not 220% since the bill provides that businesses will pay the lower of two calculations?
- 3) Why should any specific assets of communication companies be exempted from valuation?
- 4) Why do we care so much about being top in the nation for high speed internet that we include a special provision to reduce Google Fiber's² taxes even further than the deep reductions in this bill while we are in the bottom 5th of the county in education?
- 5) How will you make local jurisdictions whole for the lost revenue for schools, cities, counties and special districts?

Data Centers

It seems that there is general agreement that data centers are not communication companies, and should not be subject to central assessment. We're ambivalent on that issue at this point, and believe it deserves study. When we're on Facebook, a group Google calendar, or co-editing a document on Google Docs, it's hard to believe that isn't communication, rather than just a fancy filing cabinet using other's communication infrastructure.

We're cautious about the data center issue because we've read statements like this:

"If power were free in California, it would still be cheaper to operate in Oregon."³

Proponents cite our low-cost energy, Energy Trust and Department of Energy funding, exemptions from property taxes in enterprise zones, possible income tax breaks that are connected with enterprise and e-commerce enterprise zones,⁴ and the absence of sales tax as beneficial. "Sales tax on servers and equipment can add up quickly, so this favorable tax structure provides large savings for MTDC data centers and their tenants as they buy and replace their expensive IT equipment."

² If you google "google fiber" you'll see that Portland is in fact in their expansion plans, where it will stay, if they think they'll make money here. Let that be their business decision without any special provision.

³ 2011 Three part Oregonian series, Oregon is a great deal for server farms. Is the deal too good?
<http://search.oregonlive.com/orego%20is%20a%20great%20deal%20for%20server%20farms/>

⁴ See attached synopsis of three income tax breaks for that can accompany property tax exemptions.

The suite of benefits we are offering deserve study. **We recommend that you pass HB 2884**, which establishes a task force that

“shall examine issues related to data centers in Oregon, including how data center property should be assessed for purposes of property taxation and whether the property is, or should be considered, the property of a company described in ORS 308.515 that performs the business of communication as defined in ORS 308.505.”

Even if you decide that now is the time to exempt all data centers from central assessment, the broader picture of the magnitude of benefits we’re providing deserves attention. Oregon is unique in what it provides: cheap energy and water, great cable lines to Asia, and a low cost workforce.

We should be examining what we give and get in return from these businesses.

For example, Google is in the midst of building a new facility in between their current data center. But, by 2010, Google had invested over \$1.2 billion in The Dalles, was paying a \$13 m a year for electricity, but contributing local taxes of only \$250,000 a year. Under their 15 year property tax abatement agreement, that contribution came as fees, not property taxes; so nothing was directed to K-12. On consideration of data centers by an interim group, the legislature might believe that Google, and other data center operators could and should help educate the children of this state, provide public safety and human services, courts, etc. under any future agreements.

We don’t understand the rush. No data centers are now centrally assessed, including those that are not now and have never been in an enterprise zone. We wonder if you should believe the claims that billions of building projects are on hold. There are significant high-value data centers being built right now without this legislation, including:

- Google is building, or has just finished, a new building in The Dalles, a \$2.5 to \$2.8 Billion project 852’ x 152’x 40’ tall.
- Facebook is building a second, identical, \$210 million facility with plans for a third in Prineville, 300,000 sq. feet.⁵ They have expansion plans for valued at over \$2 billion.
- Apple is expanding, or just completed expansion, in Prineville.
- ViaWest, with 2 facilities, announced Feb 2015 that it would build a 3rd, this one 200,000 sq. ft.
- T6 Data Centers announced it had started building a 200,000 sq. ft. data center in Sept 2014
- Comcast announced building of their data center as in progress in Nov 2014

Without discussion in committee, the Senate increased the percentage of non-data center investments that will be allowed from 5% to 10%. We’ve heard no testimony that explains why this change provides good benefit to the citizens of Oregon. What specific businesses is it designed to benefit? Are they more important than K-12, community colleges, police and fire departments, courts, and the array of human services for which local communities seek support?

We believe a study of and recommendations relative to all the various benefits provided data centers in Oregon would be appropriate. This is a growth industry that has received little legislative attention. The signs say we’re being overgenerous. Washington State is our competition. Why aren’t we working in concert with Washington to preserve the tax base of each state rather than racing each other to the bottom? But this will take time.

⁵ <http://www.datacenterknowledge.com/archives/2012/04/09/another-major-data-center-for-prineville/>

Attached is a list of the Oregon data centers that we've identified so far. We encourage you to read the attached recent story: **Out-of-state data centers find tax haven in Hillsboro, in exchange for a job or two.**

We read the bills and follow the money

** 15-year Rural Enterprise Zone, per agreements

*** 5-year E-Zone properties per transparency website

**** <http://finance.yahoo.com/news/comcast-invests-hillsboro-oregon-205700329.html> "Construction on the Hillsboro data center is already in progress and is being completed by local Portland contractor, Fortis Construction