

March 23, 2015

TO: Senate Committee on Business and Transportation  
FR: David Rosenfeld, Executive Director, Oregon State Public Interest Research Group  
(OSPIRG)  
RE: Support for Senate Bill 515

OSPIRG supports SB 515 and commends Sen. Thatcher and Reps. Whisnant, Barnhart, Roblan and Stark for putting this measure forward.

OSPIRG supported both the 2009 legislation that created Oregon's transparency website and subsequent legislation in 2011 and 2013 that required disclosure of how over \$500 million in business tax breaks were being spent.

In many ways, these and other related efforts – thanks in no small part to the efforts of aforementioned lawmakers – have been a success. Oregon earned an “A” in OSPIRG Foundation's 2015 assessment of state transparency websites.<sup>i</sup>

However, despite these changes in the law, the details of Oregon's largest economic development subsidy programs remained a secret until about a year ago. By details, we mean the information necessary for a taxpayer or lawmaker to evaluate whether or not these tax breaks were creating enough public value to justify the lost revenue. This includes an itemization of the businesses and individuals receiving a tax break, the amount of tax dollars given away, the “deliverables” agreed upon in exchange for the tax break, the “actuals” achieved, and any necessary explanation of the methodology used to calculate any relevant figures associated with these metrics.

As explained in OSPIRG Foundation's “Revealing Tax Subsidies” report series, the gap in reporting ended up being largely attributed to some agencies misinterpreting Oregon's public records law, namely the section that addresses proprietary information.<sup>ii</sup> Fortunately, Attorney General Rosenblum clarified this matter in 2013 with a series of public records orders.<sup>iii</sup> The 2013 Legislature also helped by explicitly requiring the disclosure of annual reports for property-tax enterprise zones. Since then, the details of many more programs have been disclosed.

However, to ensure Oregon stays on the right path, it is a good idea to memorialize in statute some of the things we've learned along the way. SB 515 does that in several ways:

1. Requires the disclosure of any annual reports of any economic development programs covered by existing transparency law. Many of these annual reports are key to understanding whether or not taxpayers are getting the right value out of these programs. We've made progress in getting this information out to the public; SB 515 will ensure we don't ever go backwards.

2. Expands the list of economic development programs required to report under the law, such as the Oregon Innovation Council.

3. Strengthens the disclosure requirement of programs already captured by the law. For example, Oregon's film industry tax break programs only partially disclosed all of the recipients involved in the process; SB 515 would include the film companies that benefit from the program.

There is still much to be done to improve transparency of our tax dollars, particularly in the area of economic development tax breaks. SB 515 is a good step in that direction.

We have also submitted as testimony the reports cited here.

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<sup>i</sup> OSPIRG Foundation, March 2015, [Following the Money 2015](#)

<sup>ii</sup> OSPIRG Foundation, March 2014, [Revealing Tax Subsidies 2014](#)

<sup>iii</sup> Oregon Department of Justice, March 2013, [Public Records Order to Business Oregon](#); DOJ, April 2013, [Public Records Order to Dept. of Revenue](#)