



## Testimony for HB 2940 - Transparency Website

**This bill seeks to add additional reporting requirements to the Oregon transparency website consisting of specific information regarding businesses that are granted property tax exemptions. The Department of Revenue has concerns about the expectations for the availability of the desired information and the ability of the department to disclose that information under current law.**

The department currently provides information to the Oregon transparency website related to Enterprise Zones and the longer term Rural Enterprise Zones per ORS 184.484. This includes information like the taxpayer name, total real market and assessed values, taxes that would otherwise be payable, and employment before and after the zone is available. The counties provide additional information to the department including compensation to employees and total dollar amount of investment, but those figures are redacted by the department per ORS 285C.145(4).

The existing statute ORS 184.484 only requires DOR to provide information “if it is already available in an existing database.” (Page 1, Line 19) However, the bill under consideration has a stricter standard and says the Department “shall submit the information” that is being newly added to the current requirements. (Page 2, Line 13)

The new information required to be reported beginning on Page 2, line 7 is not currently compiled. This bill would require the department of Revenue to compile information that we do not have and that quite possibly no one has. For example, the bill requires the department to report property owned directly or indirectly by a taxpayer in aggregate of \$10 million or more. This information is not available. There is not currently a statewide database that would allow the department to report much of the information requested and each county would need to participate in a shared system in order to compile information in a way envisioned by the bill (see following page). Additionally Owners would have to cooperate and report all holdings. These provisions would require data collection and data reporting that is currently not performed.

Additionally, there are strict disclosure requirements about sharing information from confidential property tax returns. We have consulted with our partners at DOJ on this issue, and our initial feeling is that there are significant amounts of the requested information that may fall into this category. ORS 184.484 already excepts from the reporting requirements “proprietary information or information that is exempt from disclosure under [the Public Records Laws] or [ORS] 314.835.” This provision would be amended under section 1 of HB 2940 to include the newly required property tax information reporting. (Page 2, Lines 37 to 39) To the extent that the information required to be reported is confidential under any provision of law, e.g., return information under ORS 308.290(11)(a), Industrial Property Returns under 308.413 or other similar laws, then it is also exempt from disclosure under the Public Records

Laws, ORS 192.410 to 192.505. See ORS 192.502(9). It will be redacted. That will involve staff time to review as well as consultation with counsel. The risk of disclosure is not something we take lightly.

The Department of Revenue understands how important this type of information is to making well reasoned policy decisions and will do anything we can to help.

**Line by Line**

Page 2, Lines 8 to 9 - Programs subject to the new reporting requirements include Enterprise Zone Construction-In-Process, three to five year Enterprise Zones, Rural Renewable Energy Development Zones, Rural Enterprise Zones, Strategic Investment Programs, Food Processing Equipment Exemption, and the soon to expire Egg Processing Equipment Exemption.

Page 2, Lines 10 to 11 - Could be difficult to identify companies meeting the \$10M threshold, the Department appraises many sites that may qualify on their own but does not track statewide values by taxpayer name. Assessors know the property in their county but not all counties statewide. The bill uses terms like “directly or indirectly” and property “controlled” which imply the ownership by subsidiaries which would be very difficult to track.

Page 2, Line 13 - This is the previously mentioned “shall” language that would require the department to collect and compile specific taxpayer information not currently available.

Page 2, Line 22 to 24 - We do not currently have total real market or assessed value or exempt property value by taxpayer, there is no statewide database that reflects property in all counties. The word “controls” add an additional administrative difficulty in that it may include property not in the specific taxpayer’s name.

Page 2, Line 25 to 26 - The DOR calculates potential exempt value on only industrial property and centrally assessed property within DOR’s authority, the county grants the exemption and determines the amount of the exempt tax.

Page 2, Lines 27 to 36 - The department does not track this type of employee information within the property tax division, and may not be able to share much of the information if we had it per the newly revised subsection (5) of ORS 184.484. Judgments about jobs created ‘due to the exemption’ are quite subjective, currently available information is reported as employment before and after the exemption.