



Independent Party of Oregon

February 22nd 2016

RE: Senate Bill 1565

To House Committee on Revenue

Chair Representative Phil Barnhart, Representative Cliff Bentz, Representative John Davis, Representative Ken Helm, Representative Mark Johnson, Representative Ann Lininger, Representative Rob Nosse, Representative Barbara Smith Warner, Representative Gail Whitsett

I am testifying on behalf of the IPO regarding our concerns with SB 1565.

Our Party members have adopted the following statement in regards to public private economic development partnerships.

“The Independent Party of Oregon favors ... providing incentives for small businesses to thrive and for larger businesses to expand in Oregon in a way that returns more benefits to the public than it costs.”

The IPO opposes SB1565 *as written*. It offers no guarantees that these tax expenditures are properly targeted in ways that return more to the taxpayer than they cost. This violates the IPO's fundamental tenet that economic development partnerships between the public and private entities must be mutually beneficial, with measurable outcomes, objective standards, and claw back provisions.

We are sensitive to the fact that this bill provides tax benefits for rural businesses that larger corporations and businesses in enterprise zones now receive. But, we believe the better way to address this disparity is to reform the Oregon tax structure and provide more equity statewide and industrywide and reduce targeted tax legislation rather than simply adding onto the patchwork of ad hoc tax exemptions to a faulty system. Fixing the system is more equitable and fair, and much less subject to favoritism, crony capitalism, and special interest pressures.

Finally, the bill as written could cost schools revenue. Even if a school district objects to a tax incentive grant, under the formula in the bill other taxing districts (City, County, Metro, Sewer District, etc.) could force a local School District to contribute to the tax expenditure. We don't believe that School Districts revenue should be required to participate in economic development tax breaks unless it agrees to do so.

Thank you for your consideration

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