



February 21, 2017

The Honorable Phil Barnhart, Chair
House Committee on Revenue
900 Court Street, NE
Salem, OR 97301

Routed to: lro.exhibits@oregonlegislature.gov

RE: HB 2770 – Relating to the repeal of a property tax exemption for certain communication infrastructure

Dear Chair Barnhart and Members of the Committee:

The City of Eugene fully supports House Bill 2770 and the repeal of the central assessment tax exemption allowable for telecommunications companies that install certain infrastructure. Thank you for introducing HB 2770 as a venue for legislative discussion around this very important issue.

Our concerns around this bill are twofold: (1) we see little evidence that the bill as it currently stands will achieve an outcome of more availability of high speed internet in Oregon; and (2) the financial impact to local governments from granting this exemption will be significant and affect our ability to provide vital public services. .

Property taxes represent about two-thirds of Eugene's operating revenues in the General Fund and pay for critical services like police patrol, fire suppression, libraries, parks, and planning. Three of the top ten property taxpayers in Eugene are telecommunications companies, accounting for \$6.3 million in property taxes to Lane County jurisdictions in fiscal year 2017 alone.

The revenue impact to Eugene from a central assessment exemption is unknown. The Department of Revenue's valuation does not separate real tangible property from intangible property, which is where much of a telecommunications company derives its value. However, it is likely the revenue impact would be substantial, resulting in millions of dollars in foregone property tax revenue for Eugene over the 20 year time period for the exemption.

Thank you for your consideration of our comments and our support of HB 2770.

Sincerely,

A handwritten signature in black ink, appearing to read "Sue Cutsogeorge", written over a light blue horizontal line.

Sue Cutsogeorge
Finance Director