



February 5, 2018

The Honorable Phil Barnhart, Chair House Committee on Revenue
900 Court Street, NE
Salem, OR 97301
Routed to: lro.exhibits@oregonlegislature.gov

RE: HB 4027 – Support

Dear Chair Barnhart and Members of the Committee:

The City of Eugene supports the provisions in HB 4027 related to repealing the property tax exemption for high speed internet service providers. The original bill, SB6111, creating the exemption for qualified projects was passed in 2015, despite opposition to that property tax exemption from local governments like Eugene.

SB 611 provides tax relief for new companies, as well as those companies that are already operating in Oregon, without properly incentivizing meaningful infrastructure improvements that benefit Eugene's citizens or the local economy. The requirements and thresholds for obtaining the exemption are too loose to ensure affordable, gigabit speed internet is made adequately available at an affordable price.

At the same time, this exemption puts Eugene's budget, along with the budgets of other local governments and school districts throughout the state, at risk for significant revenue loss, because the property tax exemption for qualified projects lasts 20 years. In short, the exemption is vastly disproportionate to any benefits, which remain elusive for Eugene's residents or the local economy. For this reason, Eugene supports HB 4027 and its repeal of that property tax exemption.

If a fixed dollar amount is derived for any tax credit for the two firms that have received Oregon Public Utilities Commission (PUC) approval, the amount should be derived in a transparent manner, so that local governments know how the value of the credit is determined. Additionally, any credit for firms with PUC approved projects, should first be applied to any deferred taxes owed to local governments, including those taxes currently under legal dispute.

For local governments such as Eugene, it is paramount that HB 4027 pass to remove this unnecessary tax exemption. Thank you for your consideration and support in passing HB 4027.

Sincerely,

Mayor Lucy Vinis