



February 5, 2019

Dear Chair Nathanson and Members of the House Committee on Revenue,

I am submitting comments on behalf of the Audubon Society of Portland on House Bill 2575 which would establish a tax credit for eligible costs of removal and remedial action at brownfield sites in Oregon. Audubon Society of Portland is a member of the Oregon Brownfields Coalition and is supportive of the coalition's efforts to develop strategies to promote cleanup of brownfields across Oregon. A 2015 Report from ECONorthwest found that there are more than 21,000 acres of brownfields in Oregon and that they can be found in virtually every community in the state. These sites threaten public health and the environment and constrain land supply.¹

Audubon has helped develop HB 2575 and views a tax credit as an important tool for promoting cleanup of contaminated brownfield sites that would otherwise remain unaddressed for the foreseeable future. However, as a public interest group, we want to ensure that any tax credit would be applied at the sites where there is the greatest need, that it is scaled appropriately to stimulate cleanup but not provide property owners with an unnecessary windfall and that true public benefit is derived from this incentive.

We understand that -1 amendments are being prepared which will substantively change the bill as introduced. We expect that some of the issues raised in these comments will be addressed via the -1 amendments. However, we wanted to take this opportunity to flag specific issues that we feel need to be addressed in the final legislation.

- 1) **Size of tax credit:** It is important that the credit be scaled appropriately to effectively stimulate cleanup actions at target sites but not provide landowners with a substantial windfall above and beyond what is necessary to stimulate cleanup action. As introduced, HB 2575 would allow an owner or operator to claim up to 100% of cleanup costs up capped at \$2 million. We believe further scrutiny of these numbers is important to ensure that maximum public benefit is derived from this incentive.
- 2) **Eligibility:** It is critical that the tax credit be limited only to those sites where no other mechanism to enforce cleanup is available. Sites that are subject to mandatory enforcement actions such as sites on the CERCLA (Superfund) National Priorities List should not be eligible for the tax credit. It is important that the tax credit be targeted towards sites that would not otherwise be addressed as opposed to subsidizing owners and operators who are already required to cleanup their sites. We recommend that only sites that have entered DEQs voluntary cleanup program be eligible for the tax incentive.

¹ ECONorthwest, Brownfields in Oregon: Characterization and Assessment, February 2015.

- 3) **Public Benefit Escalators:** We are strongly supportive of the inclusion of additional incentives which allow owners and operators of brownfield property to claim a larger tax credit if they provide public benefits such as contacting with minority and women owned businesses, utilize the property to provide affordable housing, open space, of health care services or remediate a property in a location where at least 20% of the population falls below the federal poverty line. This tax credit should not only result in the reduction of contaminated properties in our communities, but also should incentivize the use of reclaimed land to meet community needs. We would recommend that in the case of the open space/ natural area credit, that the legislation require as a condition of the credit, that a letter from the local jurisdiction be included attesting to the public benefit that the open space/natural area will provide.
- 4) **Equitable Distribution of the Credit:** As currently written, the legislation would require that 25% of the credit be applied in rural areas and 25% of the credit be applied in distressed areas. We are supportive of both of these requirements. We would urge the addition of an additional requirement that a portion of the credit will be targeted towards smaller, less well-resourced owners and operators in order to ensure that all available credits are not quickly consumed by larger entities with large sophisticated staffs that are well positioned to quickly take advantage of this incentive. We would recommend a mechanism be developed to ensure that at least 50% of the tax credit be reserved for properties that fall below either a certain value or size in order to ensure that smaller sites are able to effectively compete.

Thank you for your consideration of these comments. We look forward to continuing to work on this legislation.

Respectfully,

A handwritten signature in black ink that reads "Bob Sallinger". The signature is written in a cursive, slightly slanted style.

Bob Sallinger
Conservation Director
Audubon Society of Portland