



## HB 2699 Brownfields Tax Break Expansion

Testimony for House Revenue – Gerritt Rosenthal -- May 1, 2019

My name is Gerritt Rosenthal and I am testifying on behalf of Tax Fairness Oregon (TFO). I testified on this bill when it was before the House Economic Development and our concerns remain unabated.

While we, at TFO are completely supportive of efforts to remediate brownfields and convert such properties to beneficial economic purpose, however we have, as we testified before, two major concerns

The first is that Oregon has a history of great intentions and ineffective oversight when it comes to giving money for economic development. We are not arguing that all incentives and property tax relief vehicles should be scrapped, we are saying that much more caution is needed in allowing these expenditures.

HB 2699 is too broad in that it allows any and all additional tax breaks, and while we can support some vertical tax breaks (such as for affordable housing development), we cannot support them all. In particular, we do not think that opportunity zones, with additional sources of investment revenue, should be included. And we fail to see anything in the bill that would prevent "double" dipping...i.e. getting two sources of funding for cleanup. Oregon has a sad history of good ideas with poor follow-through. In this particular case, we are adding another piece to the funding puzzle and leaving it to local jurisdictions to avoid any pitfalls.

However, our biggest concern is the same as we expressed in February, and that is: maintain the principle of "polluter pays" and require "due diligence" on the part of site owners, remediators, developers, and/or local jurisdictions before we take money out of the general Fund.

As we noted in February there are a number of programs available for brownfield site cleanup and, in fact, in some cases, private insurance may still be available. Therefore, we again submit the following suggested wording as a proposed amendment (Section 1(2)(a)(E) to the current bill as follows:

**(E) The owner shall provide reasonable demonstration and documentation that the tax credits to be allowed against taxes otherwise due under ORS chapter 316 (also 317 and 318) are requested subsequent to unsuccessful efforts to secure funding under existing and applicable laws, including grant and loan programs administered by Oregon state and U.S. federal agencies, and that "due diligence" has been carried out in seeking private funding from applicable insurance or trust coverage.**

An alternative would be to add a sidebar to the effect that no local property tax break can have any financial impact on local school funding.

We do not want to stymie redevelopment but feel that HB 2699 does not provide taxpayers with a surety that "due diligence" is being employed by the state in allocating funds that might otherwise (in part) go to education and social services.

*We read the bills and follow the money*