



February 6, 2020

House Committee on Revenue

Testimony in support of HB 4010: Disconnection from Federal Opportunity Zone Provisions

Chair Nathanson, Vice Chairs Marsh and Reschke and members of the Committee

My name is Lynn Youngbar and I am on the leadership team of One Small Thing PDX a grassroots group of over 600 citizens in Portland. Our mission is to advance and sustain actions that encourage progressive legislation and support progressive issues. We are part of the COIN—Consolidated Oregon Indivisible Network—over 25 like minded groups around the state.

Many in our statewide network are very concerned about the structural inadequacies of our revenue system in Oregon. Even with the new MCAT to fund the Student Success Act in 2019, you barely balanced the budget for the 2019-2021 Biennium. We believe it will take 10 years to reform our revenue system including such huge efforts as reforming the kicker, reforming the property tax, making the income tax more progressive, and raising corporate income taxes, and closing loopholes.

In the meantime, and in the short session, we must attend to addressing some of the loopholes that impact our revenue system. One is HB 4010. Opportunity zones were brought to us by the 2017 Trump tax bill. They provide an ‘opportunity’ for very wealthy investors to defer their capital gains taxes for up to 7 years or exempt them all together after 10 years. A windfall for the few at the expense of the many.

Because Oregon’s tax code is linked to changes in the federal tax code, this windfall for wealthy investors in Oregon gets the same deferment or exemption on state taxes—whether they invest in Oregon, New York City or Atlanta.

Our inadequate revenue system can not afford to forgo these revenues. And so far, in Oregon, the only projects that have attracted these investments are two projects in downtown Portland—the Ritz-Carlton hotel development which displaces many small businesses in the process, and the 11 West Tower in the Pearl which portends to be the highest price real estate in the entire state. These investments did not need a tax break to attract investors. And they did not in any way benefit distressed communities—in fact through displacement of small business owners may have created distress.

While many of the 86 ‘opportunity zones’ in Oregon are in distressed communities, the very structure of the benefits to wealthy investors will not flow to projects in these

communities. A project must make a healthy profit to attract someone to ‘park’ their money waiting for a tax break. This is not the characteristic of investments in these ‘distressed’ areas.

OSTPDX has presented the case for disconnecting the Oregon tax code from the federal on Opportunity Zones on three occasions—one a statewide meeting. We’ve had unanimous support for the concept and are pleased to support HB4010, as amended. Please adopt HB4010.

Thank you,

Lynn Youngbar, leadership, One Small Thing PDX

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