



Date: February 6, 2020
To: House Revenue Committee, Chair Nathanson and Members
From: Laurie Wimmer, OEA Government Relations
RE: *HB 4010 [Opportunity Zones]*

On behalf of OEA's 45,000 members, it is my honor to join this panel today in support of HB 4010. We believe that remaining connected to the federal law granting "opportunistic" zone tax breaks to wealthy investors reflects the wrong arrangement of priorities for Oregon.

And now for my part of this panel presentation: your role in this situation. You have the power to stop subsidizing the tiny fraction of taxpayers who have reportable capital gains. You are also able to stop subsidies for 86 of Oregon's 834 census tracts.

Slide 21:

The ultimate effects of these incentives are still unknown, but we do know that luxury high-rises are going up in downtown Portland. These are projects that would have been built irrespective of the tax breaks because they will be profitable for rich investors. That taxpayers are shouldering more of the load so that these investors get a subsidy is simply unconscionable.

Oregonians desperately need affordable housing and remedies for homelessness. We have the highest rate of unhoused youth in the nation. These subsidies do nothing for our most pressing problems; instead, the scheme will finance condos priced at \$6 million.

Legislators in other parts of Oregon may hope that both the federal and state subsidies will be deposited in their backyards, but nothing about this program suggests that will happen. Salem has no control over where the market invests. Thus, it cannot be said with a straight face that this program provides a stimulus value that improves Oregon's economy.

Doing nothing means that Oregon will continue to offer a state subsidy on top of the generous federal loophole this program created...unless you do what Oregon Legislators before you have done when federal tax policies have not matched Oregonians' values: disconnect from this provision.

Oregon's education workforce would like you to consider their students first, who come to school hungry, homeless, and hurting. Our service supports have, thankfully, been improved by last year's Student Success Act, but there is so much more we need to do on the Human

Services side. Giveaways such as this program fly in the face of fairness and basic humanity as Oregon's income inequality gap continues to widen.

Slide 22:

We join a growing chorus of voices asking you to become the 14th state to disconnect so that Oregonians refuse to lavish Opportunity Zones with state tax subsidies. Maryland is vying to beat you to it: its Senate tax committee held a hearing on a similar bill yesterday.

Slide 23:

We will close this presentation with a view from the libertarian Cato Institute, a think tank in Washington dedicated to free-market solutions. Its director of tax policy studies, Chris Edwards, has long been on the warpath against Opportunity Zones and its predecessors.

Edwards writes:

O Zones are a bad idea and should be repealed. They actively divide the nation between winner and loser communities. They replace equal justice under law with differential treatment based on political pull. The main winners likely are [landowners](#) within the zones, not poor households.

We urge you to pass HB 4010.

Thank you.