



End Giveaways to Rich Oregonians Profiting from the Opportunity Zone Tax Breaks

A package of tax breaks benefiting rich investors, called the “Opportunity Zone” program, was passed in 2017 as a part of the Trump tax plan. Rather than provide opportunity for blighted or low-income communities, however, this set of giveaways is nothing more than another way to give preferential tax treatment to those who need it least. Oregon should not mirror this federal boondoggle by giving the same set of loopholes to wealthy investors in Oregon. We can, and should, disconnect from this bad idea.

How these Opportunistic Tax Breaks Work

There are three different ways to subsidize rich investors in this program. The first grants up to seven years of capital gains tax deferral for prior investments. The second reduces the “basis” for computing capital gains for those who hang on to their investment for five or seven years. The third fully exempts investments from tax on the value gain if held for 10 years.

No Requirements for Providing that Promised “Opportunity”

There is no requirement that the qualifying investments be for the benefit of people who live in the arbitrarily determined “zones”. There are not protections against gentrification and push-out of low-income residents. There are no requirements of involving minority-owned or small businesses and no prevailing-wage rules. In fact, an Oregon investor doesn’t even have to buy an Oregon property to reap the benefits. It seems that the only “opportunity” that’s created is a capital gains tax cut for a select few that most other Oregon taxpayers will be forced to either subsidize or else lose services.

Who Does this Program Hurt?

Because this loophole will end up reducing state revenues to subsidize this scheme, budgets for education, health care, and affordable housing are among the public investments that will suffer. While it’s nearly impossible to know how big the hole in Oregon’s state budget will be over time, we do know that it will be significant and unnecessary. Meanwhile, those who profit from the sale of their assets, such as businesses, stocks and real estate, will reap rewards. In the 2017 tax year, the top 1% of Oregonians amassed 60% of all capital-gains income. The bottom 80% earned just 1/10th of total capital gains in the state.

Compelling Reasons for Oregon to Disconnect from this Boondoggle

- Oregon is the only west coast state that is connected to the federal tax breaks – both Washington and California are not.
- Oregonians should not be asked to subsidize rich investors, especially for those assets they buy that do not benefit our people and may be located out of state.
- Oregon Legislators did not create this tax break; Congress and the President did. We have no reason to embed it in the state revenue code.
- When the inevitable economic downturn hits Oregon, we will still be stuck handing out these giveaways to the rich, even while vital services face the chopping block.

We Urge You to Disconnect Oregon from “Opportunity Zones” now!