



February 17, 2020

**BOARD OF DIRECTORS
Executive Committee**

Charlie Kimball, Chair
Murphy Company

**Nancy Bigley, Immediate Past
Chair**
Oregon Medical Group

Bob Fondren, Treasurer
Springfield Utility Board

Kristi Kernutt, Secretary
PacificSource Health Plans

Avril Watt
Johnson Crushers Int'l

Deborah Creager
Chambers Construction

Nick Nelson
Keller Williams

Phil Farrington
CDC Management Corp

RE: Reject Repeal of Opportunity Zones; Oppose HB 4010

**ATTN: Representative John Lively
Representative Nancy Nathanson
Senator Lee Beyers
Senator James Manning**

The Springfield Area Chamber of Commerce represents 750 businesses in Lane County and is a community partner in economic development across the Springfield and Eugene metro region.

The Springfield Chamber opposes HB 4010 which would disconnect Oregon from the federal Opportunity Zone program and disallow the capital gains tax deferral benefits for Oregon investments. We can think of no reason this bill should pass as it has no evident upside, but in fact, is rife with negative consequences. Opportunity Zone tax benefits are linked to investment in our communities, as we have seen in Springfield's Downtown and Glenwood districts.

We do not wish to see this investment so needlessly compromised, as it is needed and welcome in our community. The apparent intention of HB 4010 is to eliminate "tax loopholes" or deferral incentives that may reduce capital gains tax revenue into state coffers. HB 4010 would make a poor choice of programs to disincentivize, as Oregon would likely not realize those capital gains taxes anyway due to: (1) Oregon taxpayers holding on to their taxable assets, (2) Oregon taxpayers investing in Qualified Opportunity Zones in other states, (3) Oregon taxpayers parking their capital gains into 1031 exchanges, and (4) out-of-state investors bypassing Oregon for other investment opportunities. In summary, there are so many options for investors with capital assets that it's unrealistic to expect the state will realize capital gains revenue with HB 4010.

The costs to the state, and our local communities, by passing HB 4010 are far greater than any revenue benefits realized by the bill. Communities like ours will lose out in housing and business development, the corresponding increases in local property tax bases, the loss of income taxes from jobs and businesses created, and the increases in capital gains revenue when assets invested in Opportunity Zone's begin to be sold. Closing the door to these opportunities would oppose our citizens' wishes to reinvigorate these priority areas of development.

In short, HB 4010 removes an important incentive for investment in our communities. We need every tool possible to continue to create thriving communities and we ask that the state legislature partner with us and not create barriers. We urge you to reject HB 4010.

Respectfully,

Vonnie Mikkelsen, President and CEO