



City of Tualatin

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The Honorable Rachel Prusak
State Representative
900 Court St. NE, H-489
Salem OR, 97301

The Honorable Rob Wagner
State Senator
900 Court St. NE, S-215
Salem, OR 97301

RE: CITY OF TUALATIN OFFICIALLY OPPOSES HB 4010

Dear Representative Prusak and Senator Wagner,

In an increasingly globalized economy, it is imperative that communities in Oregon have the tools necessary to compete in our economic development efforts. Tualatin was grateful that our partners in the Oregon Legislature protected Enterprise Zones, Urban Renewal, and the Opportunity Zones during last session.

As a primary employment center with nearly 40,000 jobs in the Portland Metro Region, Tualatin has benefitted greatly from the tools that the Oregon Legislature has provided in promoting business and workforce development. Recently, the Opportunity Zone Program has provided national marketing appeal for Tualatin that has led to the creation of 100 jobs with an average salary of \$70,000, and investments of nearly \$10 million dollars. **As a result, Tualatin supports the Opportunity Zone Program and opposes HB 4010.**

The apparent intention of HB 4010 is to eliminate the deferment incentives that *may* reduce capital gains revenue for Oregon. HB 4010 would be a poor choice to accomplish this goal due to Oregon Taxpayers: 1.) Holding on to their capital assets, 2.) Investing in qualified OZs in other states, and 3.) Placing their capital gains in 1031 exchanges. In addition, out of state investors will bypass Oregon all together.

A similar debate occurred in 2011 regarding Oregon's New Market Tax Credit Program. Arguments revolved around the debate between "investments will not occur in distressed communities without the program" versus "the rich will get richer and the State budget will suffer." Thankfully the Oregon Legislature approved the program and the benefits have been manifold throughout the State.

The negative costs to the state by passing HB 4010 are far greater than the little revenue benefits that have been vaguely assumed. Communities will lose out on job creation opportunities, increases in local property tax collection to fund services, the loss of state income taxes, and out-of-state control of Oregon assets at the expense of local ownership. Any potential benefit of OZ's will be lost and place Oregon as the national outlier. Bottom line, as noted by the Legislative Revenue Office, only Oregon taxpayers are affected.

With the tremendous success of competitor states like Washington, Idaho, Utah, Colorado and Arizona, it's imperative that Oregon has every tool possible. We continue to ask that we have partners in the State Legislature to make Oregon more competitive in this globalized economy. **Please reject HB 4010.**

Respectfully Submitted,

A handwritten signature in blue ink that reads "Frank Bubenik".

Frank Bubenik
Mayor, City of Tualatin

cc: House Committee on Revenue, Oregon Legislature, Tualatin City Council