From the desk of Jeff Barker

No on HB 4010A: Protect Local Investments in Oregon Communities

Oregon Smart Growth
oeda Oregon Economic Development Association
City of La Grande — The Hub of Northeastern Oregon
Eugene Area Chamber of Commerce
Albany-Millersburg Economic Development Corp
SEDCOR Strategic Economic Development Corporation
Tribal 1
The Confederated Tribes of Grand Ronde
Corvallis Benton County Economic Development Office
City of Albany Oregon
UBO Unified Business Oregon
Medford Oregon
City of St. Helens
Portland Business Alliance — Commerce • Community • Prosperity
scdc South Coast Development Council, Inc.
City of Gresham
City of Salem At Your Service
Beaverton Oregon
MMC Metropolitan Mayors' Consortium
Washington County Oregon
City of Tualatin Oregon
NAIOP Commercial Real Estate Development Association Oregon Chapter
NFIB
Choose Klamath
EDCO Move. Start. Grow.
Greater Portland
Hillsboro Oregon
City of Hood River
OHBA Oregon Home Builders Association
McMinnville Economic Development Partnership
Oregon Business & Industry OBI
Oregon State Chamber of Commerce
Redmond Economic Development Inc. — Guiding Business Forward
Oregon Association of Realtors

What Are Opportunity Zones?

Oregon O-Zones

An Opportunity Zone ("OZ") is an economically distressed community where private investments may be eligible for deferral of capital gain taxes. OZ's were created to stimulate economic development and job creation by encouraging long-term (10 year) investments in areas with largely low-income residents. Oregon has 86 zones, designated by the Governor.

Why is HB 4010A a Bad Idea?

Opportunity Zones are just getting started. The final federal rules were only issued in December. Projects are underway in Beaverton, Tualatin, Gresham, Reedsport, Albany, McMinnville, Redmond and many other areas of the state. Disconnecting from Opportunity Zones now—even partially—could hurt these projects and prevent others from getting started. We need to give the program time to work, and then evaluate its success and limitations.

Non-resident investors are not subject to Oregon capital gains tax to begin with. HB 4010A only discourages Oregon investors from investing in OZs. With HB 4010A, Oregon investors will be treated less favorably than out of state investors and may just hold onto their assets, passing them on to their children or doing a 1031-exchange. Oregon will be better off with local investors investing in OZs because they know their communities.

What is the Right Path Forward?

Now that the rules are in place, the program needs a chance to work in Oregon communities. HB 4010A disconnects from Opportunity Zones and then calls for a study to determine whether Oregon should reconnect. This is backwards. Oregon should stay connected to the Opportunity Zone program and evaluate how it is working before considering disconnecting.

Join Communities Across Oregon in Saying Yes to Local Investment by Saying No to HB 4010A

House of Representatives Oregon
Chief Clerks Office FEB 25 2020