



April 26, 2021

RE: House Committee on Revenue Hearing April 27, 2021

Dear Chair Nathanson and Members of the Committee on Revenue:

In 1991, the Port entered into a lease agreement with the USCG for the Port owned Citrus Dock. At that time, and until 2013, ORS 307.166 required that tax exempt entities file an application for exemption. The Coast Guard neglected to file this application until 1993, which resulted in a tax liability unpaid by the Coast Guard that was transferred to the Port at the conclusion of the lease. As a result, with the tax and interest that has accrued over the past 30 years, the current liability for the Port has reached nearly \$25,000.

Coos County has indicated that they are statutorily unable to waive the tax or interest per ORS 311.785. Per the Oregon Department of Revenue, short of seeking a legislative change to the statutes, the Port is stuck with either paying everything or have the taxes/interest remain in place. Please note that in 2013, the legislature amended ORS 307.166 so that an application for exemption is no longer required if an entity is normally exempt under ORS 307.040 applying to the Federal Government, or ORS 307.090 which is applicable to states, counties, ports, etc.

Even though the Coast Guard would have been eligible for exemption in 1991, because they did not actually file until 1993, they are liable for taxes prior to when they were granted exemption, and the county does not have authority to waive any part of that. The Coast Guard submitted an appeal approximately 20 years ago but was not successful. The Coast Guard no longer leases the dock from the Port, and thereby the tax liability was transferred to the Port.

We are respectfully requesting the Legislature pass HB 2781 with the -1 amendments, which offers a common-sense, one-time fix for the tax liability. To clarify the intent of the bill, we want to ensure that the 'ownership' that is referenced in line 6 of the bill refers to ownership of the tax liability. With the existing liability in place, the Port's ability to effectively market the site to promote economic development is significantly reduced.

Sincerely,

Margaret Barber
Director of External Affairs and Business Development
Oregon International Port of Coos Bay