



Oregon Women's Rights Coalition

HB 2199-A Enterprise Zone - Support

Co-Chair Meek, Co-Chair Nathanson and members of the Committee

The Oregon Women's Rights Coalition has spent many hours advocating for a more equitable tax system so that services for Oregonians are maintained. Our citizens should be able to feed their families, provide shelter and clothing and succeed in life. Our children need to be educated.

In 1990, Ballot Measure Five limited the property tax and changed the way K-12 Education was funded. The measure required the state to make up the losses from property taxes to fund schools.

When a county or an enterprise zone sponsor makes an agreement to forgive property taxes, the property taxes due to education are affected. The current bill only provides for k-12 property taxes to return to the rolls at certain points. The entire education system taxes should be included.

We are pleased that the bill before you limits the duration of the property tax forgiveness for school districts.

We are also pleased that Business Oregon and the Legislative Revenue office are asked to evaluate what should be reported for transparency for the program so that Oregon taxpayers can find information on tax abatements.

Hours were spent trying to tease out tax abatement figures for various entities this bill would cover. For example, Klamath County's annual financial statement says:

The County participates in a number of property tax abatement programs. All such abatement programs are authorized by Oregon revised statutes or by local resolution or ordinance. Some programs are initiated by the County and others by other local governments and state agencies. As the amount of taxes abated during fiscal year 2021 is immaterial, no additional disclosure has been made.

It seems the Klamath County does not adhere to the GASB 77 statement.

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.

- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.¹

Further digging into Klamath County records indicated that in 2020 tax abatements for enterprise zones totaled about \$338,045 but we were unable to find the decoder for the entities affected. (2020-21)

School districts financial reports are easier to find. Most are more detailed.

Beaverton school district notes revenues were reduced by \$504,000 from tax abatements but did not detail the amount for Enterprise Zones. (2022)

Gresham-Barlow School district lists \$827,040 for the year ending June 30, 2021.

Salem-Keizer School District, the 2nd largest in the state, is in both Polk and Marion County. The combined losses from enterprise zones for year ending June 2022 was \$497,153 or just under a half million dollars.

Even small entities report tax abatement figures. Cherriot's or Salem Keizer Transit reports \$52,807 lost to enterprise zones for 2019-2020 years.

Morrow County School District lists a total of \$17,958,214 tax losses to both Enterprise Zones and Strategic Investment Program. Of the 2022 tax losses for the school district, \$13,113,370 were Amazon Web Services rebates. On May 10, the Port of Morrow finalized another 5 data centers for Amazon with \$1 billion in tax rebates over 15 years. While the community fees over the same 15 years are reported to be \$47,490,000 it remains unclear how many permanent jobs will be established for the data centers.

The school district reported the abatements, but the Morrow County 2022 financials did not.

The Hillsboro School District reports \$9,412,000 for Enterprise Zones and Construction in Enterprise Zones. That \$9 million plus figure looks small compared to the district's loss to the SIP at \$95,015,000 in 2022, however.

OWRC would have preferred that distribution centers delivering to individual clients would no longer be considered for enterprise zones. They are in direct competition with our individual small and medium-sized businesses who are so important to healthy main streets. Businesses for which there is no enterprise zone.

Business proponents were critical of the amount of tax businesses need to pay. While they were including the additional taxes passed by voters in the Portland Metro area, they did not remark on the fact with changes to business taxes since the 1990's, business tax burden for the general fund which was 18.5 percent in the 1970's is currently 7.8 percent of the general fund.

The Commercial Activities Tax was added in 2019 and is not part of the general fund. It is directed to Oregon k-12 funding, a dedication that businesses should support if they want an educated work force.

The CHIPS program was repeatedly remarked upon by those supporting no change in the program. The Treasury Department guidance makes it clear that direct tax abatements by state and local governments are not looked upon with favor. Other participation which supports the entire community and economy are favored.

Businesses need more than tax abatements. They need workers who are educated, who can show up to work, and who can be productive because they have housing and food.

Please support these changes to Enterprise Zones as well as the transparency study.

Marcia Kelley

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!. GASB information from their website.