



HB 2351B : Transparency for economic development property tax breaks

Senate Finance Committee – Jody Wisner – 6.18.2025

My name is Jody Wisner and I am representing Tax Fairness Oregon, a network of volunteers who advocate a rational and equitable tax code.

HB 2351 B will improve the data available to legislators, the public and the press relative to the property tax exemptions the legislature has made available to local communities in support of new and expanded business growth.

We support this legislation. The bill provides significant needed improvements, particularly to the reporting required for the 15-year rural enterprise zones exemptions, but also for the SIP.

We are particularly pleased with the amendment that requires reporting not only of taxes abated, **but also of the fees paid be in the annual reports to the Department of Revenue, Business Oregon and shown on the Transparency Website.** We noted in earlier testimony that the signed agreements for the Rural and SIP programs often include significant payments to the local communities, in some cases in the millions annually. We asked that these fees be reported along with taxes paid. For example, the 2023 Amazon Rural Enterprise Zone deal with Morrow County includes \$5 million in community fees due when construction starts along with annual additional millions in fees. The bill's reporting requirement for inclusion of all fees is now on page 14, in lines two and three of the bill.

Similarly, our call for **cumulative reporting of how much has been the investment in each project is now included in the bill.**

We are very pleased with the work done by the House Revenue Committee to strengthen this bill. It is a much stronger bill than that written by Business Oregon. Some of our concerns will be dealt with at the rules writing level, and we anticipate participating in that process.

Perhaps it will be back for some technical fixes, but as it stands, **this is a good bill.**

May I have another 2 minutes?

I want to take this opportunity to point out that the only tax incentive most states have created for data centers is a partial or full exemption from sales taxes. A few states also offer partial property tax exemptions.

Because we have no sales tax, Oregon is offering data centers both. We have no sales tax on the many things they buy, for building materials (that's all some states offer a sales tax exemption on), equipment, or utilities. And we offer property tax breaks. Additionally, some

data centers have also received 10 years of no business income taxes under Oregon Investment Advantage. Since the companies we are dealing with clearly are amongst the best in the world at hiding their profits on various tax-free islands, we're paying dearly for a few hundred jobs. The benefits they receive for doing business in Oregon are likely over a billion a year.

With our property tax breaks alone, we are subsidizing data center jobs at over \$300,000 per job each year for either five or fifteen years. Whether they are rural or urban jobs, that is an outrageous amount of subsidy, particularly given the other societal costs that come with data centers.

We believe that our current 5-year, rural 15-year and SIP property tax exemptions for these data center businesses are inappropriate. Being a "no sales tax" state is enough.

This bill is not the vehicle to deal with that issue. However, we believe this committee would be wise to end Oregon's property tax incentives for both traditional and AI data centers and crypto-currency businesses. Our 5-year enterprise zone is being used extensively in Hillsboro. The 15-year Rural enterprise zones are being used extensively in Morrow, Umatilla and Crook counties. And the SIP program is being considered in Arlington for Amazon. Under the SIP you would give up not only the state's K-12 share of property taxes but also 50% of the personal income taxes of the new employees. OpenAI is considering Oregon as well.

Oregon is known throughout the country for our unusually lucrative tax subsidies that couple with low energy and land costs and ample water. We are looking for a legislator who will take this issue on next session. We must reign in these subsidies.

We read the bills and follow the money