



HB 2351: Transparency for business property tax breaks

House Revenue Committee -- Jody Wisner – 4.8.2025

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 would improve the data available to legislators, the public and the press relative to the property tax exemptions the legislature has made available for local communities to award 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.

However, we have recommendations for amendments in two areas:

- 1) In addition to taxes, also require that all fees required to be paid be included in the annual reports to the Department of Revenue, Business Oregon and shown on the Transparency Website for all three programs.**

The agreements for the Rural Enterprise Zones and SIP programs usually include significant payments to the local communities in “community service fees” and other fees or required donations. For the SIP the minimum community service fee is 25% of abated taxes, capped at \$2.5 million a year.*

Local communities may and often do negotiate additional fees, in some cases in the millions annually. For example, the 2023 Amazon Rural Enterprise Zone deal with Morrow County includes \$5 million in community fees due when construction starts.

The Umatilla Amazon agreements of 2020/2021 require four fees:

- Annual Improvement Payment (AIP) of \$1 million of each data center of 200,000 square feet and a smaller fee for smaller facilities, with a total minimum AIP of \$2 million per year.
- Additional Annual Fee (AAF) equivalent to taxes on \$25 million, increasing 3% a year
- Public Safety Fee (PSIP) of \$50,000 increasing 3% a year
- Student Success Fee (SSF) of \$50,000 increasing 3% a year.

Sometimes a portion of the fee is called a “donation” but if no donation is made, the fee payment is required. So reporting of fees and any other required payments should be required for all three programs, similar to what is required with the SIP (see Section 8).

In addition, in cities, facilities pay franchise fees which end up with the cities.

The fees should be in columns designated as “Community Service Fees”, “Franchise Fees”, and “Other Required Payments or Donations.”

You will be told this information is difficult to gather and report. The money is being budgeted. Local communities know what they are getting and they know their contracts.

It would be valuable to also know how local communities are using these fees.

2) Make reporting of job numbers, wages, benefits, and total investment by businesses consistent across all programs.

All jobs reported should be full time equivalents based on 2080 hours of pay. This is required in the ORS for the SIP program, (see page 14, lines 38-40) but not of the other programs. The zone sponsors should collect and provide the jobs information for all three programs using this consistent FTE formula.

Wages and benefits should be reported separately. It is unclear in the language of the bill whether wage and benefits information are to be reported in aggregate or shown separately, since the language of the bill is “the average annual wage and compensation.” Clearly a wage of any amount is better if it comes with great benefits, but knowing what wages are paid is basic. Page 14, line 42 should read (d) The annual amount of taxable income and separately the total benefits paid to (or provided to) employees. And these words should be repeated for each of the three programs Standard, Long Term Rural and SIP. **Further, the bill should describe for each program which benefits are to be reported so that, for instance unemployment and social security expenses are either consistently included or consistently excluded under benefits for all three programs.**

Without consistent reporting across all three programs of the job numbers, wage and separately the benefit data, the information is useless in evaluating the quality of the jobs being subsidized with our property tax exemptions.

Cumulative reporting of investments in projects for all programs. SIP businesses are required to report all investment in the property of an eligible project, cumulatively (see page 15 lines 2 and 3 which defines the requirement for one of the programs). This information should likewise be required of the Standard and Long Term Rural zones, both of which included a significant number of data center businesses making frequent replacement investments in equipment.

As the attached list of data center subsidies shows, some businesses are getting extraordinary benefits. And local communities seem anxious to hand out property tax breaks. There should be no hiding of the benefits that local communities are extracting in fees and donations or in the quality of the jobs the state is getting when it gives up its 30% share of property taxes.

This is a good bill. Continue to work on improving it with our suggested amendments.

Assessor note: Ms. Wiser,

Regarding SIP exemptions, the Community Service Fees and other negotiated payments are spelled out in the SIP Agreements according with Oregon Statute and must be distributed accordingly. Enterprise Zone exemption payments are not such, any negotiated fees are paid to the Enterprise Zone Board and that board decides what and if any districts receive any of those funds at an annual meeting, which is why I do not list them on the GASB 77 report. Any in lieu of funds a district receives, is not required on that report, I provide it as a courtesy. If you are wanting to see the EZ funds distribution, I suggest you contact Columbia River Enterprise Zone Interim Manager, David Sykes at ezmanager@morrowcountyor.gov I hope this answers your question.

May I have another 2 minutes?

I want to take this opportunity before to point out that the tax incentive most states have created for data centers is a partial or full exemption from sales taxes. Some states, but not most, also offer partial property tax exemptions. Because we have no sales tax, we offer full on both. We are subsidizing data center to the tune of \$330 million a year now, \$286 million in Morrow, Umatilla, Crook and Wasco counties, and \$45 million in Washington County. The tax breaks last either fifteen or five years. Whether they are bringing rural or urban jobs, that is an outrageous amount of subsidy, particularly given the other societal costs that come with data centers.

Given:

- The unresolved issue of data centers paying for their own transmission and substation infrastructure rather than all ratepayers continuing that subsidy for data centers, and
- The stress the data center appetite is putting on water and both electricity production and transmission, and
- The fact that both Amazon and OpenAI are looking at Oregon for additional major data center expansion (Amazon with a billion dollar of subsidy just negotiated with Morrow County in 2023 is now buying 300 hundred acres in Gilliam County and OpenAI has a request out for proposals in Oregon)

We believe that our current 5-year, rural 15-year and SIP property tax exemptions for these businesses are inappropriate. No sales tax 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 certain businesses, specifically 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. **It's time to halt these data center and cryptocurrency subsidies – at least temporarily – while you plan and put in place what you want as a state from these businesses.**

Data center incentives reported by assessors for 24/25

Rural counties total \$286 million

Washington County total \$45 million

By company	Incentive value/24-25	Location
Amazon	\$ 142,067,458	Morrow/Umatilla
Facebook	\$ 93,332,772	Crook County
Google	\$ 29,116,405	Wasco County
Apple	\$ 21,430,063	Crook County
QTS	\$ 19,502,515	Washington County
Digital Realty Trust	\$ 6,943,411	Washington County
Twitter	\$ 4,619,047	Washington County
Stack Infrastructure	\$ 3,475,753	Washington County
NTT Global	\$ 2,971,870	Washington County
Adobe	\$ 2,446,881	Washington County
TikTok	\$ 1,611,736	Washington County
Flexential	\$ 1,561,707	Washington County
LinkedIn	\$ 1,014,135	Washington County
Dropbox	\$ 642,812	Washington County
EdgeConnex	\$ 139,205	Washington County
Source: The Oregonian, via county assessors		

We read the bills and follow the money