



HB 3049 – Strength this corporate income tax break for rural Oregon

House Revenue – Jody Wiser – April 8, 2025

This bill's stated purpose is to simplify this program and make it easier to utilize. It offers which offers ten years of corporate income/excise tax breaks to businesses doing new things in rural Oregon.

We believe the users of the program and the taxes abated should be disclosed. Without that information neither you nor the public knows which businesses are getting subsidies from the state. If a business doesn't want disclosure, they can choose not to participate.

We suspect that lumber companies and some manufacturing and service smaller firms have benefitted from the program, but that the biggest users have been data centers in the rural counties.

There are several additional elements of the bill that need your careful consideration.

The wage and compensation requirements in current law are very complex. The simplified versions will be easier to use. The proposed law eliminates confusion, but also a health care requirement. **We believe the wage numbers are set too low.** The data being used will not include inflation adjustments since the last full year's data was gathered given the time for a full year's data to be collected and compiled, and will likely be two years old. Oregon should be subsidizing above average not average or below average jobs

Given the collection of data issue, **we believe the bill should require that newly hired employees be paid wages (figured at 2080 hours) that equal or exceed 120% of the average wage in the county where the facility is located and all employees be paid at least 110% of the average wage in the county.** It should be made clear in the language of the bill that wages must continue growing, throughout the 10 years of the subsidy.

The bill extends the look back period of time to establish a county's eligibility for poverty and unemployment from two to three years. On the map provided by OBDD one sees the four counties being added: Lincoln, Columbia, Wallowa and Malheur. At least two counties that have seen strong growth are still eligible, Umatilla and Crook, why? There is no particular reason why half of all counties should be eligible. **Leave the criteria it at two years.**

There is a blank line in the bill limiting the subsidy. **We recommend that that statement be that the subsidy should not be more than \$50,000 per year for each full time equivalent employee (at 2080 hours).** We have not seen any information about what data center, wood product and other qualifying businesses owe in corporate income/excise taxes. That information would be interesting to know, and we've not heard you ask. We know many of these same businesses are paying little in property taxes for 15 years in rural counties. We're not convinced that this program should exist in our basket of subsidies. We certainly should not be giving income tax subsidies of \$200,000 or \$2,000,000 per job.

We read the bills and follow the money