



Legislative Revenue Option: End Data Center Subsidies

Oregon's tax breaks are more generous than other states

Introduction

Data centers are gobbling up land, water, electricity and other resources while getting massive tax breaks in Oregon, tax breaks that are far more generous than in most other states or nations. The cost to Oregon's communities in lost property taxes this year is \$330 million.

History/Issues

In most states, data centers are getting tax breaks designed specifically for them, generally partial or whole exemptions from sales taxes, and occasionally partial property tax exemptions. In Oregon, in addition to no sales tax on anything, data centers are using tax breaks originally designed for other businesses: property tax breaks in 5 or 15 year Enterprise Zones and the Strategic Investment Program. In addition, data centers are sometimes constructed in Tax Increment Financing or Urban Renewal Districts, where property taxes, once they are received, are used to repay infrastructure costs needed to prepare the site for their operation.

[Other states anticipate](#) massive increases in property taxes when they extend their tax breaks, while we give them up. It's foolish given the many natural advantages of building in Oregon. Our laws give data centers significant property tax breaks that are [currently costing us \\$330 million a year](#).

[A recent article](#) about an \$8 billion data center development in another state shows that the infrastructure costs would be \$458 million. If a developer has \$8 billion for their project, they can surely also pay for the roads, and the power, sewer and water extensions that their project requires. TIF and Urban Renewal districts re-direct the property taxes owed for buildings and equipment for schools, fire, police and other public services their business and employees will need.

Recommendation/Justification

Any contract for data center development that begins negotiations after January 1, 2026 should not be eligible for any enterprise zone or strategic investment program property tax exemption or for participation in any TIF or Urban Renewal District. Instead, data center developers should be required to pay for the extension of infrastructure and services to and within their property so that their costs are not transferred to other taxpayers.

We read the bills and follow the money