



SB 1565 Provides property tax breaks on equipment no matter where it is located and with no job requirements

Testimony for Senate Finance and Revenue – Jody Wisner

The state has limited resources because of the tax structure to which it has chosen to keep adding holes. Until the state has enough resources to support basic needs, we must have strong control over additional tax code spending.

In abating taxes for business equipment, we would likely be subsidizing the evaporation of jobs. Better machinery might be purchased to increase a plant's production, but it may just be to replace current machinery - these days, newer equipment often means fewer employees are needed.

This bill doesn't even assure the public benefits that are required for an equivalent exemption in an enterprise zone. Those provisions are left to local jurisdictions.

Further the equipment will have depreciated in value before it actually starts being taxed, possibly providing no increase in local property taxes after the abatement ends.

This bill should not go forward unless you add a provision that protects all school taxes from this abatement.

There is no provision that the equipment purchased will provide any public benefit. All property tax exemptions, current and proposed, should be evaluated in a process to reform Oregon's overall property tax structure. Given Oregon's dreadful graduation rates (we've gone from worst in the nation to 4th worst) and our large class sizes (3rd largest class sizes in the nation), and short school year (3 weeks shorter than average) Oregon's public education system cannot bear the incremental losses created by the seemingly endless variety of property tax breaks currently given and proposed. Local property tax breaks affect not just funding for all the local service districts, but also the state-wide school funding formula.

If we want Oregon children, including the children of these business owners, who make their decisions about where to locate their business based in part on the quality of the schools, to stay in and succeed in school and graduate prepared for college or career, Oregon needs to do everything possible to fully fund the QEM.

Instead, every year we see this legislature explore new ways to shrink our ability to invest in creating a world class public education system that will truly give Oregon children the competitive advantage they deserve in our global economy. Our property tax system and its abatements should be a topic for overall property tax reform, not a method for self-inflicted incremental revenue losses.

With all due respect to business owners large and small, please oppose SB 1565.

We read the bills and follow the money