Oregon Economic Development Association opposes HB 2144 as it disadvantages investments by Oregonians in Oregon's most disadvantaged communities.

Most of Oregon's Opportunity Zones are in rural areas and incentivize local people to invest capital in these small, rural communities. Oregon's 86 opportunity zones are already generating positive interest in towns across our state. Our members are receiving significant interest in reinvesting local capital in our communities - capital that otherwise may remain in other investments or be deployed to other assets or states.

- Opportunity zones will drive investment to these communities and allow for assets that may otherwise sit idle in existing securities or real estate. Instead, capital gains can be reinvested in local businesses and redevelopment. In return, Oregon and our local governments will receive income tax benefits, increased property tax, system development charges, construction excise taxes, permit fees and other revenues.

- Opportunity Zones can soften the landing when the current building cycle wanes. Opportunity Zone investors have a different investment purview than typical short-term investors and therefore are more likely to invest during an economic downturn for the right long-term opportunity. This means that as Oregon's current construction cycle wanes, revenue sources that typically dry up may continue due to the advantages of investing in Opportunity Zones.

- Oregon's process for creating our rural and urban Opportunity Zones has been recognized as the best in the country. Smart Growth America's LOCUS program gave Oregon the best-in-the-nation score for identifying zones "positioned to bring positive social, environmental, and economic returns."

- The strength of Oregon's economy is attractive to outside investors, particularly as they look to hedge against a potential slowdown elsewhere. This is particularly true in Central Oregon, and elsewhere as well. These outside investments will not go as far in Oregon as other states, if we disconnect from the federal code.

- Disconnecting from the federal code will penalize Oregon investors. HB 2144 would treat Oregon investors differently, and will not give Oregonians investing in their <u>own</u> communities the same benefits as those who invest elsewhere, or out-of-state investors spending the same money in our communities. At-best, this will lead to out-of-state ownership and control of Oregon assets at the expense of local ownership and control. At worst, it means no investment in our neediest areas.