

Oregon Governor's Data Center Advisory Committee (DCAC)

Session 5: Data Centers, Energy Affordability, Revenue, and Incentives June 26, 2026 – Facilitator Summary

The following Facilitator Summary is intended to capture general discussion, reflections, concerns, and insights shared at the Data Center Advisory Committee's public session. This summary also indicates actions or issues that the DCAC may need to discuss at upcoming sessions. This summary is not a transcript of the session. For more details on the DCAC's work, and to view this session's [agenda](#), presentations, and [recording](#), please visit the ODOE's [DCAC website](#).

Welcome and Introduction to the Process and People

Facilitator, **Donna Silverberg**, opened the session and welcomed the Data Center Advisory Committee (DCAC), speakers, and session attendees. DCAC co-chairs **Michael Jung** and **Margaret Hoffmann** welcomed the group, with Margi noting the **Energy Affordability, Revenue, and Incentives** agenda was curated with presentations from expert panelists to aid the DCAC's focus on the Governor's charge. Specifically:

- Encouraging data center siting decisions that support responsible economic development, creating jobs, and increasing long-term revenue that will strengthen Oregon's rural communities.
- Ensuring data centers have reliable energy without burdening Oregon's ratepayers.
- Identifying key issue areas to address when developing a policy framework to help guide the state in the responsible siting of data centers moving forward.

Donna highlighted the day's themes, reviewing the session agenda and presentations which focus on statewide context and affordability strategies, local Oregon perspectives, revenue, and incentives trend analyses, and national trends. She emphasized that the monthly DCAC sessions are intended to be respectful learning sessions reflective of a "data center university" atmosphere. The sessions have been designed to provide expert information sharing and engaged discussion with DCAC members, a group of citizen volunteers asked to help shape recommendations for the Governor.

Part 1: ENERGY AFFORDABILITY

Context for Energy Affordability

The DCAC learned about Oregon's POWER Act from staff of the Oregon Public Utility Commission (PUC), with additional perspectives from generation and transmission and electric cooperatives to address the ways in which public utilities in the state are allocating costs associated with data centers; they provided insights into at least the following questions:

- How does Oregon's POWER Act protect the affordability of residential electrical rates? What are the Act's key principles?
- What effect do data centers have on the rise in residential electric rates?

Oregon Governor's Data Center Advisory Committee (DCAC)

- Since the Power Act only applies to investor-owned utilities, how are public utilities addressing the need for data centers to pay their fair share?

PUC Executive Director, **Nolan Moser**, and Senior Economist, **Bret Stevens** presented an overview of Oregon's POWER Act (HB 3546, 2025), the PUC's role in its implementation, and their efforts to protect other ratepayers by ensuring data centers pay their fair share. The POWER Act was passed as a result of data centers creating unusually large, fast-growing load that could have shifted costs onto residential, commercial, and traditional industrial customers. Instead, the law includes a separate large data center customer class with cost-allocation rules so growth-related costs are assigned to the customers causing them. In addition, it created minimum contract / take-or-pay requirements to reduce stranded-asset risk, risk-mitigation tools to protect against utilities building assets that could later be underused, and reporting requirements with a 2035 sunset.

The PUC is implementing the law via its contested-case dockets instead of a slower rulemaking process. It applied first to Portland General Electric (PGE) through Order 26154 in UM-2377. Bret explained that key mechanisms in the law allocate transmission and generation costs based on recent load growth by customer class and allocate power-supply cost increases tied to load growth. Data centers must pay for most of the capacity they reserve even if they use less and, for larger loads, require longer contract terms, with exit fees if they leave early.

Other features include ensuring supply is compatible with HB 2021's clean-energy requirements; a surcharge on very large data centers to fund targeted energy-efficiency programs for energy-burdened customers; and special contracts that can allow flexibility, batteries, or other demand response in exchange for faster service or different terms. Early results from PGE's compliance filing show its rates are proposed to rise for existing large data centers, while slightly reducing rates for residential and some other customer classes.

Committee Discussion and Q&A

- **Q: Which utilities does the POWER Act apply to?**
 - A: Only investor-owned utilities: Pacific Power, Portland General Electric, and Idaho Power.
- **Q: What exactly is the "special contract" idea?**
 - A: Large customers and utilities can negotiate custom arrangements, but the commission must approve them and verify they still protect other customers and meet the law's requirements.
- **Q: Does the energy-efficiency surcharge apply to all data centers?**
 - A: No. It applies only to data centers 100 MW or larger.
- **Q: How is a "campus" counted?**
 - A: Sites can be aggregated under site-connection rules, so a campus will count as one customer if it meets those rules.
- **Q: Is backup diesel generation covered by the POWER Act or HB 2021?**

Oregon Governor's Data Center Advisory Committee (DCAC)

- A: Not directly in the order. It could become relevant indirectly if evidence showed it interfered with HB 2021's clean energy compliance.
- **Q: Would that be handled through a tariff or a penalty?**
 - A: First the PUC is required to find a compliance problem, then it would decide how to address it; a tariff or penalty could be possible tools.
- **Q: Could data center flexibility reduce the amount of infrastructure needed?**
 - A: Yes, potentially. Flexibility, batteries, or interruptibility could reduce needed capacity, but a standard compensation framework has not yet been developed.
- **Q: If a data center is willing to provide flexibility, can it move up the queue?**
 - A: Yes, utilities have some discretion to prioritize or accelerate projects if flexibility or special arrangements reduce cost or time.
- **Q: Can data centers lower rates for everyone?**
 - A: The current filing reallocates costs, so data centers pay more of the capital costs they cause. In theory, if that works, it could help keep other customers' rates from rising as fast.

Roger Gray, retired CEO of Pacific Northwest Generating Cooperative (PNGC), presented a consumer-owned utility (COU) perspective, using his PNGC experience to explain how large-load data centers affect rates and risk.

Large-load growth in the energy sector is not new. However, data centers are different because of their development speed and overall scale. Roger highlighted that utilities have two big cost buckets: infrastructure (transmission/distribution) and power supply. For COUs, “growth pays for growth” is already a core principle, especially through BPA tiered power structures. COUs have local rate-making authority, so they can tailor contracts and tariffs to protect existing customers. He emphasized that COUs are very sensitive to affordability because local boards and managers face direct public pressure; reliability, resource adequacy, and NERC compliance are also major issues, not just affordability.

Roger noted that many COUs already use tariffs or contracts to pass large-load risks directly to the customer, including transmission, supply, stranded assets, and credit risk. Regarding clean energy, he said some COU systems can face “stair-step” policy effects when large loads push them over reporting or RPS (Renewable Portfolio Standard) thresholds. From his perspective, COU utilities already use strong local rate and contract tools to make sure large customers pay their own way. That said, the growth of data centers is making affordability, reliability, and clean-energy compliance much harder to manage.

Robert Echenrode, President/CEO, Umatilla Electric Cooperative (UEC), presented UEC's experience as a COU managing data center growth while protecting ratepayers. UEC is a COU based in Hermiston serving parts of Umatilla, Morrow, and Union counties; it is highly cost-sensitive because most revenue goes straight to power costs and any margins return to members.

Oregon Governor's Data Center Advisory Committee (DCAC)

Robert demonstrated how UEC's capital investment has grown alongside data center development since about 2012 while maintaining reliability and cost containment. He presented charts suggesting UEC residential rates have remained lower than broader benchmarks, which he described as a "data center dividend." UEC's large industrial rate schedule passes through power costs and includes a delivery charge to cover operations. Large load customers are required to procure power and environmental attributes, and UEC tracks those for Oregon reporting.

Robert emphasized that UEC's model puts power acquisition responsibility on the large load customers rather than all members. He framed UEC's local governance, flexibility, and autonomy as the key protections for ratepayers. Robert summarized that UEC has used data center growth to support local investment and keep rates competitive, while shifting much of the power-supply and compliance burden onto the data center customers themselves.

Committee Discussion and Q&A

- **Q: Can you explain clean-energy policy "stair-step" effects for COUs?**
 - A: Roger noted that, when a COU grows large enough, it can get pushed into additional clean-energy or reporting obligations, and those costs are generally passed through to the large load.
- **Q: Is UEC's large industrial schedule basically the same as the PUC data center class?**
 - A: It is similar in function, but not identical. Robert noted UEC has its own structure and Bonneville rules also shape how it works.
- **Q: What greenhouse gas requirements apply to COUs?**
 - A: Like other large utilities, COUs must report their greenhouse gas emissions to the state. However, HB 2021, Oregon's law that requires cleaner electricity with less greenhouse gas emissions over time, does not apply to COUs, there is no legal requirement that COU ghg emissions fall over time.
- **Q: Does Oregon's Renewable Portfolio Standard apply to COUs?**
 - A: If a COU grows to a certain size it can become subject to the RPS.
- **Q: Does the data center load really pay for the capacity it uses?**
 - A: Yes. Robert reiterated that this was his core point: large-load customers are responsible for the power they require, and UEC's model protects member/ratepayer interests.

Oregon Voices Part 1

The Committee heard from **Bob Jenks**, Executive Director, Citizens' Utility Board (CUB), and **Anahí Segovia Rodriguez**, Energy Justice Coordinator from Verde, a coalition of non-governmental organizations, on their perspectives regarding Data Centers and affordability in Oregon. They addressed the questions:

Oregon Governor's Data Center Advisory Committee (DCAC)

- What are the challenges and opportunities you see/foresee? How could the state assist with these challenges and opportunities?
- Are there examples from other projects or states that might be illustrative for the DCAC to consider?
- What recommendations do you have for the DCAC to consider?

Bob presented CUB's affordability perspective, focusing on their efforts to protect residential and low-income customers. He emphasized that energy affordability is a core issue especially for households already struggling with bills. Data centers may create grid capacity, but the real question is how that value is captured for customers. Bob noted that energy efficiency and deep home upgrades should be treated as a form of capacity resource, not just a bill-saving program.

Opportunities where data center-related funding could be directed to benefit residential and low-income customers include weatherization, heat pumps, manufactured home replacement, and low-income customer support. Bob emphasized that Oregon should invest in reducing high-burden household demand to free up grid capacity and lower costs. Also, some of the biggest affordability gains come from addressing inefficient housing, especially in low-income and manufactured homes. Bob suggested data centers will not lower bills, but they may slow cost growth if structured correctly. From CUB's perspective, data center policy should be tied to concrete affordability investments for vulnerable households, especially through energy efficiency and home repair programs.

Committee Discussion and Q&A

- **Q: Could energy efficiency or housing upgrades be treated as capacity resources?**
 - A: Yes, Bob noted this as a key point; Deep weatherization, heat pumps, and manufactured housing replacement could free up capacity and should be valued that way.
- **Q: Are data centers likely to lower bills?**
 - A: Bob was hesitant to confirm this. He noted they might slow increases or help fund efficiency, but he does not see them as a guarantee to reduce bills.
- **Q: Do low-income programs solve the energy affordability crisis?**
 - A: No, they help but are not enough on their own. More funding and deeper measures are needed.

Anahí presented Verde's community-based affordability perspective. Verde works on home heating/cooling, community solar, environmental education, and advocacy. She emphasized that, in a recent Verde-hosted community workshop, many participants didn't know what a 'data center' was until it was explained in more plain language; once people understood the connection to internet use, bills, transmission, and state policy, concerns shifted to affordability. Anahí emphasized that many households are being forced to choose between utility bills, rent, and food. She shared examples of rapidly rising bills,

Oregon Governor's Data Center Advisory Committee (DCAC)

disconnections, and families under severe strain, especially low-income and multilingual communities. Disconnection data under PUC docket RO16 shows serious hardship, and that moratoria during the winter reduced shutoffs.

Anahí described Verde's work installing ductless heat pumps, weatherization, and efficiency upgrades through the Portland Clean Energy Fund. She stressed that these upgrades could save families money and should remain a priority. From Verde's perspective, affordability must stay at the center of the discussion, with more direct investment in bill-saving solutions and better outreach. People most affected by rising energy costs need clearer information, stronger assistance programs, and a real seat at the decision-making table.

Committee Discussion and Q&A

- **Comment:** The one-stop-shop, "Incentive Finder," mentioned in Anahí's presentation can be found here: <https://incentives.oregon.gov/incentive-finder>
- **Q: Are the savings from heat pumps mostly from gas-to-electric conversion or electric resistance-to-heat-pump?**
 - A: Anahí noted most of the examples came from Portland Clean Energy Fund work and that many homes were old and inefficient; she didn't have a precise split, but reported the upgrades produce real savings and comfort benefits.
- **Q: Would people in the community be open to hearing that data centers might help lower bills?**
 - A: Not yet, or at least not in a simple way. Anahí's believes the community is still learning what data centers are, and messaging should be handled carefully.

Thinking Outside the Box on Affordability

DCAC asked **Mark LeBel**, Principal, US Research & Strategy, **Louisa Eberle**, Senior Associate, and **Jay Griffin**, US Program Executive Chair, from the Regulatory Assistance Project (RAP), an independent, global organization advancing policy innovation and thought leadership within the energy community, to address:

- How could utility regulations be updated to ensure electricity is affordable and reliable for all consumers?
- What key principles should be in play for ensuring affordable rates?
- How might these principles apply in Oregon?

Mark, Louisa, and Jay, presented a broad policy framework for managing data-center-related load growth and affordability. They highlighted that "affordability" consists of two parts, controlling total system costs and fairly allocating those costs. Load growth can raise costs when marginal costs exceed the revenue new load brings in, especially if the load is speculative, fast-growing, or can leave early.

Oregon Governor's Data Center Advisory Committee (DCAC)

Proactive planning tools include better forecasting and scenario analysis, excluding data centers from the base case so planners can see their true impact. This includes using project milestones to judge likelihood of coming online and accounting for flexibility from data centers in planning. They highlighted flexibility and system resources like demand response, virtual power plants, batteries, grid-enhancing technologies, and transmission optimization.

Luisa noted examples from other states and markets: in Minnesota with Google funding distributed batteries, wind, solar, and an iron-air battery project and other Virtual Power Plant (VPP) capacity and flexibility deals in the West; and within the PJM (Pennsylvania-New Jersey-Maryland) Interconnection footprint innovation is possible. There is motivation among some hyperscalers to pursue demand flexibility resources that will keep overall system costs down, providing direct benefits to customers.

RAP's rate design ideas include efficient price signals, fair cost allocation, manageable administrative burden, revenue recovery that matches lifecycle risks, and time-of-use and peak charges for large loads. For policy and process reforms they recommend more staff capacity for rate review, better prudence review, faster permitting and interconnection utility business model reforms, and regional coordination and market integration. From RAP's perspective, Oregon should use planning, rate design, and flexibility tools to get data centers serving the grid, not just consuming it, while protecting customers from stranded costs and higher bills.

Committee Discussion and Q&A

- **Q: Are VPPs just another expensive thing utilities must pay for?**
 - A: The answer depends on how the VPP is structured. Data centers can help fund flexibility and get connected sooner, and those resources are generally deployed when they are cost-effective or system-valuable.
- **Q: Isn't VPP power still expensive to move and level?**
 - A: Yes, but VPPs are one more tool in the portfolio and can help meet peak or resource adequacy needs faster than new conventional infrastructure.
- **Q: Can these kinds of planning tools apply in Oregon even without a Regional Transmission Organization (RTO) or Independent System Operator (ISO)?**
 - A: Yes, for vertically integrated utility planning and cost allocation. The legal framework may differ, but the concepts still apply.
- **Q: Should community benefits be in rate design or outside it?**
 - A: Community benefits are usually outside the traditional utility rate box and more tied to local development agreements or broader policy.

Part 2: REVENUE & INCENTIVES

Data Centers, Revenue, and Incentives: Overview and Trends

The DCAC asked **Michael Saladino**, Property Tax Division Valuation Manager at the Oregon Department of Revenue (ODOR), with Regional Services Manager, **Michael Held**, and

Oregon Governor's Data Center Advisory Committee (DCAC)

Incentives Program Manager, **Alex Albertine**, from Business Oregon (BO), to provide an overview of the current ways in which data centers are assessed centrally or at the local level, incentive programs used to leverage Data Center economic development, and how this infrastructure asset class impacts local and statewide revenue. Additionally, **Mike Gorman** of Morrow County, representing the Oregon State Assessor and Tax Collectors Association (OSATCA), was invited to provide a county tax assessor's perspective. Together the panel addressed the following questions:

- What tax incentive options are utilized by data centers? How do these incentives work?
- What is the purpose of Oregon's tax incentive options? Are they achieving/not achieving their goal?
- What is the impact of these tax incentives on local and statewide revenue?
- What is or should be the state's role?

Michael Saladino presented an overview of ODOR's role in Oregon's property tax system, focusing on complex property and data-center valuation. The Property Tax Division supports Oregon counties in administering the statewide property tax system via two sections. The first, "Support, Assistance & Oversight," through training, guidance, and oversight and administering 15 tax programs, and the second, "Valuation," appraises complex industrial and centrally assessed properties (~\$120B in value) and defends appraisals in tax court. Michael noted the Industrial Assessment Program appraises complex manufacturing facilities (paper, metals, food manufacturing, chip fabrication, etc.), and counties appraise the land. The Central Assessment Program appraises companies operating as integrated systems (e.g., rail, air, energy, communications) and uses unitary valuation including intangibles. He added that SB 611 (ORS 308.516) excluded qualifying data centers from central assessment.

Michael provided background on data centers in Oregon, noting the first major deployments appeared around 20 years ago from companies like Google, Amazon, Apple, Meta. Oregon has grown into a major national data-center hub. Despite not being manufacturers, some large hyperscale data centers are appraised by ODOR due to scale and complexity, however, most data centers in Oregon are *not* appraised by ODOR. Colocation centers (which include income-generating leased space) are valued by counties and can use an income approach. Hyperscale enterprise centers (supporting cloud, social media, AI, streaming) are valued via a market-adjusted cost approach. Oregon provides 120+ property-tax exemptions, Enterprise Zones (EZs) and Strategic Investment Programs (SIPs) being the most relevant. Michael emphasized that the Valuation Section reviews exemption paperwork but does not approve or deny exemptions.

ODOR's role is to provide real market values for complex properties through returns, inspections, appraisals, and tax-court defense. Counties determine maximum assessed value (MAV), assessed value (AV), tax rates, billing, and collection, while managing

Oregon Governor's Data Center Advisory Committee (DCAC)

exemption approvals. From ODOR's perspective, partnership ensures accurate valuation of Oregon's largest and most complex properties, including data centers.

Alex and Michael Held presented BO's role as a state economic development agency working with local governments, ports, Tribes, and businesses to structure incentive agreements. They clarified that incentives exist to recruit, retain, and expand businesses in Oregon while supporting local economic development goals.

The main incentive tools in use are EZs, Long-Term Rural Enterprise Zones (LTREZs), and SIPs. Incentives apply only to new investment/new property, not existing property. They are locally administered and negotiated with local sponsors, and can include property tax abatements, but also negotiated community benefits, fees, and local commitments. Data centers are one of the major users of these programs. From BO's perspective, these projects bring major economic benefits, including jobs, payroll, GDP, and broader supply-chain activity. They emphasized that data centers support the broader information economy, including software, biotech, advanced manufacturing, and digital infrastructure, and described direct jobs in the data center sector as highly paid. Thousands of direct jobs and even more indirect jobs are supported statewide.

From a policy perspective, incentives are meant to help local communities negotiate strong deals, and these programs are being reviewed and modernized. 2026 legislative changes in Oregon include a moratorium on data center authorizations in EZs for a period tied to the 2027 session. BO emphasized that data centers can bring substantial economic value when paired with effective local negotiation and community benefit agreements.

Committee Discussion and Q&A

- **Q: Are tax incentives a rebate or a discount?**
 - A: It is an abatement/reduction in taxes owed, not a cash payment.
- **Q: Do local governments lose money immediately when they grant an incentive?**
 - A: No, the incentive applies to new property, so it doesn't reduce an existing budget. The effect is that the new property is taxed at a reduced level for the term of the agreement.
- **Q: Are the incentives capped?**
 - A: The main programs discussed do not have one single overall cap in the way the question implies, though the specific programs have their own rules and limits.
- **Q: How important are these incentives to data centers?**
 - A: It is hard to know exactly because businesses do not disclose this; incentives are clearly part of the negotiation and can matter, especially alongside community support and local buy-in.
- **Q: Do data centers come because of incentives, or would they come anyway?**

Oregon Governor's Data Center Advisory Committee (DCAC)

- A: It is hard to prove causation. Incentives matter, but they are only one part of a larger business-climate decision.

Mike Gorman presented a county assessor and property-tax administration perspective for data centers in Oregon, speaking on behalf of OSATCA with coordination from Umatilla and Washington counties. He explained how Oregon's tax incentives are administered locally, especially EZs, LTREZs and SIPs. Mike described the role of county assessors as approving or denying applications, reviewing annual compliance filings, tracking wage and employment requirements, reporting to ODOR and BO, disqualifying projects if they fail to meet obligations, and "clawing back" taxes when exemptions are lost or ended.

Data centers are usually valued by ODOR using depreciated/trended investment methods, though counties may sometimes do their own valuations. Exemptions are only for new property, and once a project comes off exemption, tax appeals often follow. Mike emphasized that appeals can be expensive, time-consuming, and require counties to defend valuations even when ODOR is the main appraiser. He demonstrated county-level examples for Morrow and Umatilla counties, with very large exempt values and substantial community service, school support, and negotiated payments. He also stressed that administering these programs takes a lot of staff time, training, compliance work, site visits, public records responses, and appeals work. Mike reiterated that data center tax exemptions are actually implemented and monitored at the county level and stressed the administrative burden they create for assessors and tax offices.

Committee Discussion and Q&A

- **Q: What are the job and wage thresholds for enterprise zones?**
 - A: The job requirement is generally one new job or 10% of existing jobs in the zone, whichever is greater. Wage thresholds vary by program, with long-term rural zones requiring 130% of county average wage.
- **Q: Who decides if a business qualifies, the county or the local sponsor?**
 - A: Both. The sponsor can approve or deny participation, and then the assessor must approve if the business meets the statutory criteria.
- **Q: What happens if a business fails to meet requirements?**
 - A: The county assessor can disqualify the business, remove the exemption, and in some cases claw back prior exempt taxes.
- **Q: How are data centers valued for tax purposes?**
 - A: Mostly through ODOR using depreciated/trended investment methods; sometimes local counties may do valuation or use income approaches.
- **Q: If a valuation is appealed, does the business still pay while the case is pending?**
 - A: Yes, generally they keep paying to avoid delinquency and interest. If they win, they may get a refund with interest.
- **Q: Are the exempt values included in the county's taxable value total?**
 - A: No, the exempt value is separate from the certified taxable value.

Oregon Governor's Data Center Advisory Committee (DCAC)

Oregon Voices Pt. 2

The DCAC invited **Torrie Philippi-Griggs**, Executive Director of the Boardman Chamber of Commerce, **Jody Wiser**, Board President of Tax Fairness Oregon (TFO), **Tricia Mooney**, Superintendent of Schools for Hermiston School District (HSD), and **Steve Forrester**, City Manager of Prineville, to reflect on their experiences with the following:

- How does a community approach entering into an enterprise zone or SIP agreement with a data center? What are structural impediments to funding/not funding communities? Does your community have the resources to structure a fair agreement?
- What, if anything, would you do differently move forward? How could we make the Community Benefit Agreement process more transparent? What are some examples of investments that occur outside of the community benefit agreements and why?

Torrie presented a “local benefits” perspective from Boardman, noting that she oversees the Boardman Community Development Association, which manages local funds tied to Enterprise Zone Agreements (EZAs). She explained that revenue from these agreements is used for local priorities, not just data center-related projects, and emphasized the importance of community-led decision-making as local residents help decide how funds are spent.

The core community outcomes Boardman is trying to support include workforce housing, infrastructure readiness, economic diversification, quality of life, education and schools childcare, recreation, and small-business support. Specific investments Torrie highlighted include: a \$240 million school bond, with one data center partner covering over 80%; grants for people moving to Boardman to buy homes; support for an incubator/retail building; and funding for parks, districts, and local amenities. EZAs help Boardman get direct local value from data center growth, while also putting pressure on housing and infrastructure that needs to be addressed. From Torrie’s perspective, local communities should have a real seat at the table and should help determine how the benefits from data centers are invested. Boardman has turned data center-related agreements into a local community investment strategy, especially for schools, housing, and infrastructure.

Committee Discussion and Q&A

- **Q: Are these funds just going to the county budget?**
 - A: No, Boardman uses a local nonprofit structure to direct the money toward community projects, with residents helping to determine priorities.
- **Q: Would the county have used the money differently?**
 - A: Yes, the funds likely would have gone to county priorities like general operations, sheriffs, ambulances, or other county needs, rather than the targeted local projects she described.
- **Q: Who negotiates the local agreements?**

Oregon Governor's Data Center Advisory Committee (DCAC)

- A: The zone sponsor, working with local partners and the county assessor, do the negotiation.

Jody Wiser, presented a critique of Oregon's current data center incentives from a tax-fairness perspective, noting that Oregon is unusually generous to data centers compared with other states. She noted the issue is bigger than community service fees. From TFO's perspective, the core question remains whether the state should be giving data centers so many tax breaks. Jody emphasized that the common national incentive is usually only a partial sales tax exemption, while Oregon gives property tax breaks, no sales tax, and other advantages. TFO estimates Oregon data center property tax breaks to be ~\$450 million for this year, up sharply from the prior year. Oregon is likely still the best deal for data centers on the West Coast, even if current property tax abatements were removed.

Jody pointed to infrastructure subsidies, stressing that local governments often pay for roads and other public improvements that specifically serve data center projects. She also raised concerns about income tax benefits and other tax code advantages that large companies use, emphasizing that the public doesn't get a clear picture of the full amount. TFO believes Oregon should end or sharply reduce data center tax breaks and require them to pay more of their own costs. Oregon's current incentive structure is too generous and should be rolled back, rather than adjusted only at the margins.

Committee Discussion and Q&A

- **Q: Is Oregon still a very favorable place for data centers even without all these breaks?**
 - A: Yes, Oregon is still a better deal than neighboring states in many ways, and data centers would still come here even without the full set of tax breaks. Jody pointed to Washington and California as examples of places that still have data centers despite different tax treatment.
- **Q: Are data center tax incentives really what drives location decisions?**
 - A: Incentives matter, but they are not the only factor. Jody believes companies often make location decisions first and then later optimize around taxes.
- **Q: What about business climate more broadly?**
 - A: Jody agreed Oregon's business climate is a factor and emphasized this doesn't mean the state should keep giving away so much in tax breaks.
- **Q: Are other industries also using the same incentive programs?**
 - A: Yes, the issue is not just one industry using the programs, the programs themselves are too generous and outdated for today's use.

Tricia Mooney, presented an overview of Oregon school funding and how the school support fee mechanism (under HB legislation) interacts with data center tax incentives. She noted that school districts are funded mainly through the state school fund (set by the legislature for the biennium), which is allocated on a per-student basis and equalized

Oregon Governor's Data Center Advisory Committee (DCAC)

across districts. Local funding comes from property taxes, local option levies, and bond measures. She explained that the school support fee required in EZs is billed to the business, but it is in lieu of local property tax. Because of Oregon's school funding formula, if a district collects more locally, the state school fund's local contribution goes down. From HSD's perspective, the school budget usually stays about the same; the difference is mostly in who pays, local taxpayers versus the exempt business.

Districts must adopt a 15–30% school support fee (billed to exempted businesses), and Hermiston typically recommends a 15% school support fee because it preserves some negotiating room for local partners to direct the remaining value into community benefits. Tricia stressed that the system is complex and sometimes counterintuitive to public perception. From HSD's perspective, school support fees don't necessarily add money to school budgets overall, but they do affect how the school's funding is split between local tax receipts and the state school fund.

Committee Discussion and Q&A

- **Q: Does the school support fee mean schools get more money overall?**
 - A: No, because Oregon's school funding is equalized through the state school fund, a school support fee mainly changes the source of funding rather than increasing the district's total budget.
- **Q: Is that what people mean by backfill?**
 - A: Not exactly; the district still gets the same overall per-student funding, just from different sources. Tax abatements do not affect the amount of funding any school gets. However, when a local community abates taxes and sets a 15% school support fee, it means the state's general fund picks up more of the expense. So essentially, statewide taxpayers pick up more of the cost of schools based upon local decisions.
- **Q: Why would a district choose 15% instead of 30% for the fee?**
 - A: 15% preserves room for local negotiations and community benefits while still supporting the district.

Steve Forrester, City Manager of Prineville, spoke from a “local development” perspective on data centers. From his perspective, Oregon is not a very business-friendly state overall, and incentives helped bring data centers to Prineville in the first place. Prineville has benefited from data center-related revenue and investments that would not exist otherwise. He highlighted electrical franchise fees as a major local benefit, noting Prineville now receives about \$10-12 million a year in franchise fees, compared with about \$30,000 a month prior to data centers. Steve emphasized the road, water, wastewater, and fire infrastructure investments that were negotiated as part of local agreements. These negotiated projects can bring upgrades with no cost to local taxpayers, including improved fire management, aquifer storage/recharge, and broader utility capacity.

Oregon Governor's Data Center Advisory Committee (DCAC)

Steve believes the state should not eliminate incentives but rather should change them and ask data centers for more up front now that Oregon is in a stronger bargaining position. Data centers can be leveraged to strengthen local infrastructure, schools, and services if communities negotiate hard and get more value at the front end. Prineville has turned data center growth into substantial local public investment. Oregon should use its leverage to negotiate better terms going forward.

Committee Discussion and Q&A

- **Q: Do data centers matter because incentives are what bring them here?**
 - A: Oregon is a strong location for data centers for reasons beyond incentives, including land, power, and climate, but incentives helped close the original deals. Steve noted the state is now in a stronger bargaining position, so it should ask for more up front rather than relying on the old incentive model.
- **Q: Should Oregon keep the same incentive structure?**
 - A: No, the incentives should change, because the situation in Oregon is different now than when the first data centers came to Prineville.
- **Q: What kinds of local benefits came with the projects?**
 - A: Steve highlighted electrical franchise fees, road improvements, fire infrastructure upgrades, water and wastewater capacity, and school and workforce-related investments.

Statewide & National Perspective

Ellen Harpel, founder of Smart Incentives, assisted the DCAC in understanding national trends regarding how cities, counties, and states are managing “fair share” responses from data centers locating within their boundaries. Her [presentation](#) helped to answer:

- What are the national trends? Why?
- What are the benefits, costs, or concerns of those trends?

She offered a national perspective on data center incentives and ideas for how Oregon should think about its own incentive policy. Most states use dedicated data center incentives, especially sales and use tax exemptions on equipment and sometimes construction materials or electricity. Oregon is different because it has no sales tax. Oregon's property tax abatements are not data-center-specific, they are general incentive tools used by many industries. Some states are pausing, narrowing, or adding conditions to data center incentives because of rising costs and community pushback. Common conditions now appearing include minimum investment thresholds, wage requirements, local community support, utility-use limits, renewable energy expectations, water-use rules, and noise controls.

Ellen posed the following policy questions for the state:

1. Do incentives align with state economic development priorities?
2. Are incentives actually valuable to businesses?
3. Are incentives targeted to the right regions?

Oregon Governor's Data Center Advisory Committee (DCAC)

4. Do incentives manage taxpayer risk appropriately?

A key example she pointed to was in Loudoun County, Virginia, where fast-track permitting is a major incentive, because speed is a key factor for data center developers. Ellen recommended that Oregon make incentives more strategic, measurable, time-limited, and accountable, with clear safeguards and monitoring. From her perspective, Oregon should modernize its incentives, so they support state priorities, protect taxpayers, and remain competitive while reflecting today's data center realities.

Committee Discussion and Q&A

- **Q: What kinds of incentives from other industries might apply here?**
 - A: Ellen pointed to CHIPS Act-style incentives and said lessons from those programs involving clarity, safeguards, tracking, and flexibility, could be useful for data centers.
- **Q: What makes data centers different now?**
 - A: The industry is changing quickly, so incentive structures need to be flexible and periodically reviewed.
- **Q: Are data centers going to keep looking the same in 10 years?**
 - A: Probably not, and that is a reason to build adaptable policies now.

Public Comment & DCAC Listening

The DCAC offered members of the public an opportunity to provide public comments focused on the topic of the session in 2–3-minute timeframes. DCAC staff are compiling all written public comments for inclusion as an appendix in the DCAC's final Report to the Governor. DCAC heard public comments, listed in the order they spoke, from: David Stockdale, Tom Archer, Leslie Kochan, Jennifer Krauel, Annie Capestany, Ross Swartzendruber, Emily Waldron, Anne Ha, Hayley Watson, Lynn Handlin, Hannah Shooting Bear, Jacob Roloff, Pat Kaczmarek, and Diane Meisenhelter.

DCAC Roundtable: Connecting the Dots

DCAC members reflected together, synthesizing the information presented during today's session, and discussed what it means for their recommendations to the Governor:

- **No simple fix:** One Committee Member emphasized that data centers touch too many systems to solve with one policy; the issue is too complex for a "silver bullet."
- **Affordability vs. incentives:** Committee Members agreed that the presentations today made the incentive system much clearer, especially the distinction between what local communities gain and what the public may think is being "lost."
- **School funding / tax incentives:** Several Members reflected on Tricia's explanation that school support fees don't increase the overall school budget; instead, they mainly change who pays, and the state school fund is set by the legislature.
- **Local benefits and negotiated agreements:** Committee Members discussed how local communities can gain value through negotiated agreements including

Oregon Governor's Data Center Advisory Committee (DCAC)

community benefits, infrastructure investments, and franchise fees; the value depends heavily on local leadership and deal structure.

- **Might data centers actually lower rates?:** Several Members noted a safer framing is that data centers may slow increases or help offset system costs but should not be promised as a direct bill reduction.
- **Are current incentives too generous?:** TFO's point that Oregon is too generous with tax breaks contrasted with some local officials that reported incentives can help communities secure major investments, although Prineville was generally supportive of negotiating better terms for local services. The DCAC agreed incentives need to be reviewed and modernized.
- **Need for better data:** Committee Members noted they still need clearer numbers on what incentives cost, what benefits they produce, and how to compare Oregon with other states.

The Committee agreed it has learned a lot but still needs to sort through complex tradeoffs before making their recommendations. In response to significant concerns from members of the public, Donna reminded participants that the Governor's charge to the DCAC is to study impacts and make recommendations, not to decide whether data centers should exist. The DCAC is not a decision-making body but rather is a citizen-volunteer committee tasked to draft a set of recommendations; all final decisions belong to policymakers. She also reiterated that due to the sovereign relationship with Tribes, the Governor will engage Tribes through official government-to-government conversations separate from this Committee.

Next Steps and Action Items

- DCAC will connect offline with presenters for further questions, especially on affordability, incentives, school funding, and local benefit agreements
- The next DCAC meeting will be on July 31, 2026, focusing on data centers impacts on **Additional Considerations and Deliberations**, from 9:00 am – 4:00 pm PDT.
- The final DCAC session, on August 4, 2026, will be a Committee-only deliberation work session in public view, but without public comment.
- Members of the public may submit subject matter-related comments via the [public comment channel](#).
- **ACTION: Oregon Dept. of Energy / DCAC Staff:** Post slides, meeting materials, and session recording to the ODOE website — *due asap / ongoing*.
- **ACTION: DCAC Chairs & Staff:** Schedule and announce online Public Listening Session #3 for some time in September.

Adjourn Public Meeting

Committee Co-Chairs reminded attendees about the next public listening session and the upcoming meeting on Additional Considerations. In closing, Donna thanked the speakers, public commenters, Committee Members, and staff for their thoughtful, respectful, and engaged discussion on these important topics, and adjourned the session.

Oregon Governor s Data Center Advisory Committee (DCAC)

This summary has been prepared by the Facilitation Team to help the DCAC track issues discussed and follow-up actions between sessions. All DCAC Members reviewed the summary and offered refinements that have been integrated into this final version.

Questions or comments may be sent to colby@dsconsult.co.

Oregon Governor s Data Center Advisory Committee (DCAC)

Participants Present for All or Part of Session 4 (in alphabetical order):

DCAC Members: **Dan Dorran**, **Greg Dotson**, **Bill Edmonds**, **Margaret Hoffmann**, **Michael Jung**, **Tim Miller**, and **Jean Wilson**.

Speakers: **Alex Albertine** (Business Oregon), **Louisa Eberle** (Regulatory Assistance Project), **Robert Echenrode** (Umatilla Electric Cooperative), **Steve Forrester** (City of Prineville), **Mike Gorman** (Oregon State Assessor and Tax Collectors Association), **Roger Gray** (PNGC Power), **Jay Griffin** (Regulatory Assistance Project), **Torrie Philippi-Griggs** (Boardman Chamber of Commerce), **Ellen Harpel**, (Smart Incentives), **Michael Held** (Business Oregon), **Bob Jenks** (Citizens' Utility Board), **Mark LeBel** (Regulatory Assistance Project), **Tricia Mooney** (Hermiston School District), **Nolan Moser** (Oregon Public Utility Commission), **Michael Saladino** (Oregon Department of Revenue), **Anahí Segovia Rodriguez** (VERDE), **Bret Stevens** (Oregon Public Utility Commission), and **Jody Wiser** (Tax Fairness Oregon).

Technical Support: **Maeve Hogan** (Committee Staff, environmental planner), **Nate Redinbo** (Portland State University), and **Douglas Quirke** (University of Oregon).

Facilitation Team: **Donna Silverberg**, facilitator, and **Colby Mills**, facilitation & online support, DS Consulting.