

Amazon to receive \$1 billion in tax breaks in eastern Oregon for new data centers

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An Amazon logo appears on a delivery van, Oct. 1, 2020, in Boston. Officials in a remote northeastern Oregon county voted Wednesday, May 10, 2023, to give tax breaks worth an estimated \$1 billion to Amazon for five more data centers there. Credit: AP Photo/Steven Senne, File

Officials in a remote northeastern Oregon county have voted to give tax

breaks worth an estimated \$1 billion to Amazon for five more data centers there.

Wednesday's unanimous vote by Port of Morrow's five commissioners was the last step in securing the enterprise zone incentives, The Oregonian/OregonLive [reported](#). Companies in the state can receive property tax exemptions through local enterprise zones.

Local officials hope the incentives will bring \$12 billion in new Amazon spending in their county along the Columbia River about 160 miles (257 kilometers) from Portland.

Amazon already has four giant data centers in Morrow County and several hundred local jobs tied to its operations. But its growth has produced contentious debate over how the Seattle company secured its incentives and an ongoing probe over possible self-dealing by some people awarding its tax breaks.

The state is investigating potential conflicts of interest among port officials and a former county commissioner who own Windwave Communications, a company that provides fiber-optic service to Amazon's local data centers.

Amazon and Windwave haven't responded to requests from the newspaper for information about the value of the two companies' contracts.

Those two port commissioners, Jerry Healy and Marv Padberg, in an April letter to the state ethics commission said their company does have a deal to provide most of the fiber-optic service to one new Amazon data center. But they said they only have a "potential" conflict of interest in voting on incentives for the other four facilities.

Three other public bodies in Morrow County previously gave their approval to the latest agreement, each in votes with little public discussion. The incentives exempt Amazon from paying nearly three-quarters of the property taxes other businesses pay.

But Amazon is Morrow County's largest taxpayer. Its data centers account for a third of property tax revenue, with payments of \$26 million in 2021, according to the company.

Amazon declined to make any of its local managers available to the newspaper for comment on its data center operations.

"We've been an active member of eastern Oregon communities since 2011, investing more than \$15.6 billion while supporting thousands of local jobs," Amazon said in a written statement after Wednesday's vote.

David Sykes, chairman of the Morrow County commission, told the newspaper he sees Amazon fitting into a "nicely diversified economy."

It's a good blend of industries, Sykes said, that rescued the county from its dependency on natural resources after a sawmill and coal plant shut down.

Data centers are among the state's fastest-growing industries, fueled partly by tax breaks worth \$180 million last year alone.

Oregon's program of enterprise zone incentives places no limits on how much local governments can give away in negotiations with businesses. The state created the program for small manufacturers in the 1980s, but [data centers](#) with billions of dollars in high-end computers have recently dominated the program.

Critics question whether small counties are equipped to negotiate with

some of the world's largest tech companies. And the value of the tax breaks varies widely.

The latest deal between Morrow County and Amazon will provide giveaways approximately twice as valuable, for example, as an agreement officials in The Dalles reached with Google in 2021.

The enterprise zone program sunsets in two years and Oregon lawmakers are considering reforms that could limit the duration of the incentives, link the size of the tax breaks to jobs created, and mandate public notice before votes on the deals.

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