



Governor Brown Calls on Local Governments to Use Comcast Property Tax Settlement to Pay Down Their PERS

Obligations

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Governor Brown's resolution of long-running litigation brings one-time windfall and tax certainty to local governments

Salem, OR—Governor Kate Brown is calling on local jurisdictions to use millions in back-tax payments from Comcast to pay down their PERS unfunded liability. The payments, an estimated total of \$155 million, are the result of the settlement the Governor's Office facilitated between Comcast and the state, which ended a long-running lawsuit over property taxes. The agreement also guarantees that Comcast will pay significantly higher taxes going forward than it would have under the existing gigabit exemption.

With tax certainty in place for the future, Governor Brown is calling on these local jurisdictions to use their lump-sum payment of back taxes to pay down their PERS unfunded liability. In the February 2018 legislative session, the Governor proposed and passed Senate Bill 1566 to establish a new Employer Incentive Fund that provides incentives for local jurisdictions to pay down their PERS unfunded liabilities.

The Governor recently reached out personally to Mayor Ted Wheeler (City of Portland), Mayor Lucy Vinis (City of Eugene) and Mayor Denny Doyle (City of Beaverton) requesting their support of directing this tax windfall to PERS.

"Keeping our promise to Oregon's retirees is an obligation we all share, and the state is providing a financial structure by which local governments can reduce their own PERS liabilities. We need to chip away at this problem together, and this settlement is another piece of the puzzle," said Governor Brown. "In the 2018 legislative session, I successfully passed legislation that set up an Employer Incentive Fund to provide matching funds when local jurisdictions dedicate funds to pay down their PERS liabilities. We were able to secure \$25 million for this matching fund, and we will work to secure more funds in the next legislative session. Having local jurisdictions dedicate funds to paying down their own PERS liabilities will help demonstrate to the legislature that local governments are taking their fiscal obligations seriously and will be a key part of persuading the legislature to appropriate additional funds to the Employer Incentive Fund."

"With increasingly tight budgets, this will be a good tool for Beaverton to use towards the ongoing PERS obligations," said Beaverton Mayor Denny Doyle. "Beaverton is hopeful the settlement opportunity will encourage the legislature to add more funds in the 2019 session into the employer incentive fund and raise the cap so that the unfunded liability could be more quickly paid down."

"Eugene is very pleased by the Governor's announcement of a settlement between the state and Comcast," said Eugene Mayor Lucy Vinis. "The potential of receiving the back payment of property taxes from Comcast comes as we are finalizing our budget. We are well aware of the future budget gap we will face starting in 2020. These funds will allow us the flexibility to strategically invest in the critical issues facing our city and community, including our PERS liability,

“My colleagues and I value Governor Brown's leadership on the litigation with Comcast. As former State Treasurer, I appreciate and recognize the economic and financial complexities of this settlement and the necessity to provide retirement security to Oregon's workers,” said Portland Mayor Ted Wheeler. “The City Council and I will look forward to considering the best use of these funds as we continue to make investment decisions about our community's core priorities and values.”

Comcast has been disputing its Oregon property value since 2009 and likely would have continued for many more years because several distinct and complex legal questions were in dispute. Under the settlement, Comcast acceded to the central assessment methodology and agreed to withdraw its gigabit exemption application. If approved for the exemption, Comcast's property tax burden would have been significantly reduced.