

74th OREGON LEGISLATIVE ASSEMBLY – 2007 Regular Session
STAFF MEASURE SUMMARY
SENATE FINANCE & REVENUE COMMITTEE

MEASURE: SB 151-B
CARRIER: Sen. Burdick

REVENUE: Revenue statement issued

FISCAL: Fiscal impact issued

Action: Do pass with amendments to the A-engrossed bill and be printed engrossed

Vote: 5-0-0

Yeas: Burdick, G. George, Monroe, Starr, Deckert

Nays:

Exc.:

Prepared By: Mary Ayala, Economist

Meeting Dates: 4/24, 5/3

WHAT THE BILL DOES: Extends the current sunset date for the enterprise zone program from June 30th 2009 to June 30th 2013. Directs the Oregon Economic and Community Development Department under the direction of the Economic and Community Development Commission to prepare a report for the Legislature prior to February 1, 2009 that evaluates the performance of Oregon's enterprise zones and related tax incentives. Subject to local option approval, the enterprise zone property tax exemption may be extended for not more than 3 additional years on qualified property if a company has been certified for design, construction and utilization by the Leadership in Energy and Environmental Design Green Building Rating System, or a similar rating system. Takes effect 91 days after sine die.

ISSUES DISCUSSED:

- The PSU study's recommendations: restricting the number of zones to the most severely distressed economic areas of the state, providing opt-out provisions for special districts, requiring that independent entities verify the investment and job creation figures; performing cost benefit analyses of new investments that incorporates the impact on affected taxing districts; and setting maximum limits for subsidies per job created.
- The Department's overview of Oregon's Enterprise Zone program highlighted performance. Forty-three (43) companies first qualifying for property tax exemptions in 2006 invested in new property totaling \$242 million in 2006 and created 1,219 new full time jobs. Existing companies that qualified for the standard 3-5 year property tax exemption in FY0506 invested \$1.3 billion in property and created 5,884 new jobs.
- That the additional property tax incentive could promote a reduction in storm water runoff, a major pollutant of Oregon's water supply.

EFFECT OF COMMITTEE AMENDMENTS: Creates an additional local option for some enterprise zones. Within 6 months of being designated an enterprise zone, the sponsors are granted the local option to decide if they would like to grant qualified companies an extended period of property tax exemption. The extended exemption may not exceed 3 years on qualified property. Qualified companies must be located in a building that has been certified for design, construction, and utilization by the Leadership in Energy and Environmental Design Green Building Rating System, or a similar rating system. Companies qualified for the extended exemption must also demonstrate that they have developed and implemented an environmental management system for their business firms' activities. Takes effect 91 days after sine die.

BACKGROUND: A number of studies have pointed out that the public benefit from an enterprise zone program hinges on the number of zones that are designated within each state and on the combination of state plus local incentives, targeted to enterprise zones, that provide a rationale for a company's decision to relocate from one state to another, or from one region of a state to another. These studies also suggest that the public benefit also depends upon each state's policies, reflected in its use of capital intensive vs. labor intensive incentives, or rural development vs. urban redevelopment incentives. These studies have attempted to measure the extent to which the incentives, all of which have been granted within specific time limits, accomplished certain permanent employment and/or income gains that would not have been realized otherwise within the same time limits, absent the localized incentives.

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This summary has not been adopted or officially endorsed by action of the committee.