

REVENUE: May have revenue impact, statement not yet issued

FISCAL: Fiscal statement issued

Action:	Without Recommendation as to Passage Be Referred to the Committee on Finance and Revenue by prior reference
Vote:	3 - 0 - 2
Yeas:	Monnes Anderson, Starr, Metsger
Nays:	0
Exc.:	Deckert, George L.
Prepared By:	Janet Adkins, Administrator
Meeting Dates:	4/18

WHAT THE MEASURE DOES: Directs the Economic and Community Development Department to establish a program that allows rural airports to create airport tax increment financing districts with the approval of local taxing jurisdictions. Specifies that in such a district up to 50 percent of the incremental tax revenues generated by commercial and industrial development can be used for airport infrastructure and services for up to 25 years. Specifies maximum land radius of such a district from its airport of ____ miles. Requires an airport creating an airport tax increment financing district to terminate its airport tax exemption under OR 307.120. Requires the department to set standards for airport sponsors to qualify for the partial new property tax rebate. Requires the airport sponsor to form a public-private partnership committee to review proposed uses of the rebates and to pay a percent of rebates received to the department (2.5 percent) and to the Department of Aviation (2.5 percent) for administration. Requires the department to report to the Seventy-fifth Legislative Assembly on the effects of the program in attracting commercial and industrial development within the airport districts.

ISSUES DISCUSSED:

- Definition of rural airport
- Airports with available undeveloped land
- Similarity to urban renewal districts
- Potential for airports to be economic centers – Aurora as an example
- Similar legislation in Colorado (rebate back to business) and Utah
- Strict Federal Aviation Administration rules about airport use
- Senate Bill 680 (2005)

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Oregon's airport network consists of 97 public-use airports, including 15 privately-owned public-use airports. Rural airports are currently defined in ORS 836.640 as principally serving a city with a population of 75,000 or fewer. Some of these rural airports have the potential to provide economic development and job growth but lack the funds to cover infrastructure upgrades that might attract business or industry. The Oregon Aviation Business Alliance supports the ability of rural airports, with the approval of cities, counties, and other local taxing districts, to form tax increment financing districts. Under Senate Bill 807, a portion of the tax attributable to development would be returned to the airport taxing district for infrastructure improvements. According to the alliance, Colorado and Utah have authorized tax finance districts for airports with the tax rebate returning to the business operation.

Business development and airport infrastructure improvements could also be a factor in allowing some rural airports to remain open. Closures would negatively affect economic development potential for rural areas and also weaken the state airport network for the varied agricultural, health and safety, government, and tourism purposes it serves.

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