

REVENUE: May have revenue impact, statement not yet issued

FISCAL: May have fiscal impact, statement not yet issued

Action: Do Pass as Amended, Be Printed Engrossed, and Be Referred to the Committee on Finance and Revenue and then Ways and Means by prior reference

Vote: 5 - 0 - 0

Yeas: Deckert, George L., Monnes Anderson, Starr, Metsger

Nays: 0

Exc.: 0

Prepared By: Janet Adkins, Administrator

Meeting Dates: 3/26, 4/9

WHAT THE MEASURE DOES: Creates the Urban Growth Boundary (UGB) Expansion Area Revolving Loan Fund to provide low-interest loans for infrastructure projects in areas of UGB expansion since 1997. Authorizes \$25 million payment from lottery revenues for the fund in addition to amounts necessary to pay for bond administration. Directs the Oregon Economic and Community Development Department to administer the loan program. Specifies that borrowers may not use any revenues raised from outside the UGB expansion area to repay a loan, except to pay for the portion of a project's cost attributed to growth or an existing deficiency in a different area. Declares an emergency and takes effect July 1, 2007.

ISSUES DISCUSSED:

- Recent large UGB area expansions
- Short term cash flow issues related to providing necessary infrastructure
- Planners and developers need reasonable expectation that intended development will be able to proceed
- Anticipated sources of loan repayment funds
- Some of new infrastructure benefit will accrue to existing development
- Cash flow issue overlooked in considering UGB expansions
- Difficulty of determining which parties benefit
- Effect of Ballot Measure 50 (1997) on tax system and this tax dilemma

EFFECT OF COMMITTEE AMENDMENT: Eliminates requirement that a borrower from the fund must be the city that expanded its urban growth boundary. Restricts types of revenue that may be used to repay loans from the new fund

BACKGROUND: Areas of recent urban growth boundary expansion are areas where local and regional governments have targeted population and development growth to occur. These areas often lack the roads, water, sewer, parks, and public safety facilities that are necessary for planned and orderly development. The property tax revenues that will result from residential, commercial, and industrial development within the expansion area supply additional revenue in the long term, but cities and counties need short-term revenue to prepare for orderly growth. Some of the industrial growth will also improve the jobs situation and foster economic development for the regions and state.