

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

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

Vote: 9-0-0

Yeas: Berger, Bruun, Butler, Gelser, Olson, Read, Rosenbaum, Witt, Barnhart

Nays:

Exc.:

Prepared By: Paul Warner, Economist

Meeting Dates: 6/6, 6/11

WHAT THE BILL DOES: Establishes shared services fund. Requires firms receiving property tax relief under the Strategic Investment Program (ORS 307.123), to report average employment and wages to the Department of Economic & Community Development on an annual basis. Estimated employment and wages are those attributed directly to the facility upon which the property tax exemption was received. Further requires Department of Administrative Services to estimate personal income tax collections directly attributed to the wage and salary associated with the employment gains reported to the Department of Economic & Community Development. Department of Administrative Services is then required to deposit 50% of identified personal income tax dollars into the Shared Services Fund. Moneys in the fund are then allocated on an annual basis to local taxing districts based on the allocation of community services fees under the Strategic Investment Program. Applies to projects that first become eligible for the exemption after 1-1-08. Makes first transfer of identified revenue to Shared Services Fund following the 2009 tax year.

ISSUES DISCUSSED:

- History of Strategic Investment Program.
- Impact of property tax exemption on local governments in Washington County.
- Location of current projects.
- Legislative reporting and evaluation requirements.
- Allocation among local taxing districts.

EFFECT OF COMMITTEE AMENDMENTS: Clarifies reporting requirements. Deletes true-up mechanism for revenue estimates. Clarifies start date for eligible projects to be those that first become eligible for property tax exemption after 1-1-08.

BACKGROUND: The Department of Economic and Community Development currently lists 11 projects that have been or are currently receiving a property tax exemption through the Strategic Investment Program. These projects account for \$43.5 billion in eligible investment expenditures. The Strategic Investment Program was first established by the 1993 Legislature. Under the original program, property value is capped at \$100 million with the taxpayer paying an agreed upon community service fee. In rural areas, property value is capped at \$25 million. In 2005-06, \$4.7 billion in assessed property was exempted under the program.

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