

A-Engrossed
Senate Bill 807

Ordered by the Senate June 8
Including Senate Amendments dated June 8

Sponsored by Senator JOHNSON (at the request of Oregon Aviation Business Association)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Directs Economic and Community Development Department to establish program to allow rural airport in State of Oregon, with approval of **all** cities, counties and other local property taxing jurisdictions within which district exists, and to create airport tax increment financing district in which up to 50 percent of incremental tax revenues generated by commercial and industrial development or expansion can be used to pay for airport-related infrastructure and services for period of up to 25 years.

A BILL FOR AN ACT

1
2 Relating to tax increment financing at rural airports; creating new provisions; and amending ORS
3 836.640.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. (1) Sections 2 to 6 of this 2007 Act are added to and made a part of ORS**
6 **chapter 836.**

7 **(2) ORS 836.640 and 836.642 are added to and made a part of sections 2 to 6 of this 2007**
8 **Act.**

9 **SECTION 2. (1) The Legislative Assembly finds that:**

10 **(a) Fostering the development of commerce and industry in Oregon is necessary to en-**
11 **sure the welfare of its citizens, the growth of the economy and adequate employment for its**
12 **citizens;**

13 **(b) Rural communities in Oregon can use airports as centers for creation of aviation-**
14 **related business clusters that create family wage jobs, increase the tax base of the commu-**
15 **nity and form a self-supporting financial mechanism for airport infrastructure improvements**
16 **and operations; and**

17 **(c) Innovative use of rural airports can create economic growth by providing new prop-**
18 **erty tax revenues to support airport-related infrastructure and services on land at or adja-**
19 **cent to rural airports in airport tax increment financing districts, including through the**
20 **fence operations.**

21 **(2) The Economic and Community Development Department, with approval of the Oregon**
22 **Economic and Community Development Commission, shall establish a program to allow a**
23 **rural airport to create an airport tax increment financing district.**

24 **(3) The department shall design the program to promote local economic development by**
25 **creating family wage jobs, increasing the local tax base and increasing financial support for**
26 **rural airports.**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (4) With approval of the commission and all cities, counties and other local property
2 taxing jurisdictions whose taxable lands would be included in the airport tax increment fi-
3 nancing district, the department may create an airport tax increment financing district
4 around a rural airport.

5 (5) Land included within an airport tax increment financing district must be within a
6 10-mile radius of the center of the airport.

7 (6) An airport utilizing an airport tax exemption under ORS 307.120 shall voluntarily
8 terminate the exemption as a condition of approval of the creation of an airport tax incre-
9 ment financing district.

10 (7) An airport sponsor for a rural airport that creates an airport tax increment financing
11 district must keep the airport available for public use for a minimum period of 20 years,
12 consistent with procedures adopted by the Federal Aviation Administration (14 C.F.R. 151.25).

13 **SECTION 3.** (1) The Economic and Community Development Department, with the ap-
14 proval of the Oregon Economic and Community Development Commission, may enter into
15 agreements providing for a partial rebate of new property tax revenues to the airport spon-
16 sor that operates and maintains the airport within the airport tax increment financing dis-
17 trict.

18 (2) The agreement may provide for a partial rebate to the airport sponsor for use to pay
19 for airport-related infrastructure and services described in a tax increment financing plan
20 prepared by the airport sponsor.

21 (3) Partial rebates may not exceed 50 percent of the new property tax revenues in a cal-
22 endar year, for a period of up to 25 years.

23 **SECTION 4.** (1) The Economic and Community Development Department, with the ap-
24 proval of the Oregon Economic and Community Development Commission, shall set stan-
25 dards by which an airport sponsor may qualify to receive a partial rebate of new property
26 tax revenues generated within an airport tax increment financing district, subject to the
27 following:

28 (a) After the department verifies the new property tax revenues upon which the partial
29 rebate is based, the cities, counties and other local property taxing jurisdictions with taxable
30 property within the airport tax increment financing district shall pay a partial rebate based
31 on projects that are:

32 (A) Within the airport tax increment financing district; or

33 (B) In a road or a utility easement that serves land within the airport tax increment fi-
34 nancing district.

35 (b) An airport sponsor may use partial rebates only to pay for:

36 (A) Airport-related infrastructure projects and services on public use airport property,
37 within public rights of way or within public easements for roads, taxiways, stormwater,
38 sewer, water, power, communications or other utilities that directly serve the lands within
39 an airport tax increment financing district and that are:

40 (i) Described in the tax increment financing plan; or

41 (ii) Included in the approved airport layout plan.

42 (B) Airport management projects, including maintenance, planning, design, noise abate-
43 ment, land use planning and other essential airport operations efforts.

44 (c) The airport sponsor shall pay:

45 (A) 2.5 percent of all partial rebates to the Oregon Department of Aviation to support

1 rural aviation planning that serves rural airports throughout Oregon.

2 (B) 2.5 percent of all partial rebates to the Economic and Community Development De-
3 partment to support economic development aviation cluster planning that serves rural air-
4 ports throughout Oregon.

5 (2) The airport sponsor of each airport within an airport tax increment financing district
6 shall establish an airport public-private partnership committee to review proposed uses of
7 moneys received as a partial rebate. The committee must consist of four individuals or a
8 multiple of four individuals appointed by the airport sponsor to serve four-year terms as
9 follows:

10 (a) One-fourth of the members must own an aircraft in the airport tax increment fi-
11 nancing district.

12 (b) One-fourth of the members must own a business in the airport tax increment fi-
13 nancing district.

14 (c) One-fourth of the members must represent the airport management agency that op-
15 erates the airport.

16 (d) One-fourth of the members must represent cities or counties with taxable property
17 within the airport tax increment financing district.

18 (3) The airport public-private partnership committee shall make a recommendation to the
19 airport sponsor relating to the expenditure of moneys received by the airport sponsor as a
20 partial rebate for qualifying airport-related infrastructure projects or services described in
21 subsection (1)(b) of this section. The recommendation:

22 (a) Must be unanimous, for the expenditure of moneys for qualifying airport-related
23 infrastructure projects or services outside the airport boundary.

24 (b) Is advisory only, for airport-related infrastructure projects or services within the
25 airport boundary.

26 SECTION 5. (1) The Economic and Community Development Department, with approval
27 of the Oregon Economic and Community Development Commission, shall establish proce-
28 dures for the payment of partial rebates by cities, counties and other local property taxing
29 jurisdictions to the airport sponsor.

30 (2) Within 90 days after the end of each calendar year, an airport sponsor that has en-
31 tered into an agreement with the department under sections 2 to 6 of this 2007 Act shall
32 provide the department and each city, county and other local property taxing jurisdiction
33 with taxable property within the airport tax increment financing district that approved es-
34 tablishment of the district with documentation of the new property tax revenues the sponsor
35 believes have been generated within the district during the past calendar year.

36 (3) The department shall:

37 (a) Audit or review the documentation;

38 (b) Make a determination of the amount of partial rebates earned under the agreement;
39 and

40 (c) Forward a commission-approved request for payment of that amount to each city,
41 county and other local property taxing jurisdiction with taxable property within the airport
42 tax increment financing district that approved establishment of the district, together with
43 information regarding the name and address of the payee airport sponsor and any other in-
44 formation reasonably requested by the city, county or other local property taxing jurisdic-
45 tion.

1 (4) Each city, county and other local property taxing jurisdiction with taxable property
2 within the airport tax increment financing district that approved establishment of the dis-
3 trict shall pay the partial rebate within 90 days after receipt of the information required by
4 subsections (2) and (3) of this section.

5 **SECTION 6.** The Economic and Community Development Department, with approval of
6 the Oregon Economic and Community Development Commission, by rule may adopt:

7 (1) Requirements for the structure and amount of partial rebates offered under sections
8 2 to 6 of this 2007 Act.

9 (2) Other provisions for the administration of the program described in sections 2 to 6
10 of this 2007 Act, including additional terms and conditions of an agreement entered into un-
11 der sections 2 to 6 of this 2007 Act.

12 **SECTION 7.** ORS 836.640 is amended to read:

13 836.640. As used in *[this section and ORS 836.642]* sections 2 to 6 of this 2007 Act:

14 (1) "Airpark" means a residential development that allows aircraft to taxi directly from
15 the property to an airport runway.

16 (2) "Airport sponsor" means the city, county, port, state agency or private entity that
17 is qualified to receive funds from the Federal Aviation Administration or the Oregon De-
18 partment of Aviation for use by the airport.

19 *[(1)]* (3) "Customary and usual aviation-related activity" includes activities described in ORS
20 836.616 (2) and includes activities that a local government may authorize pursuant to ORS 836.616
21 (3).

22 (4) "New property tax revenues" means:

23 (a) With respect to property outside the airport boundary, incremental new property tax
24 revenues that are generated as a result of commercial and industrial development or ex-
25 pansion in an airport tax increment financing district.

26 (b) With respect to property inside the airport boundary, property taxes collected based
27 on the increase in value of commercial, industrial and residential airpark property on and
28 after the date the airport tax increment financing district is established.

29 (5) "Partial rebates" means the portion of the new property tax revenues paid to the
30 airport sponsor for an airport within an airport tax increment financing district.

31 *[(2)]* (6) "Pilot site" means a rural airport identified to participate in the pilot program pursuant
32 to ORS 836.642.

33 *[(3)]* (7) "Rural airport" means an airport described in ORS 836.610 (1) that *[principally serves*
34 *a city or standard metropolitan statistical area]* is not located in a city with a population, as of
35 **January 1, 2005, of more than 75,000 [or fewer].**

36 *[(4)]* (8) "Through the fence operation" means a customary and usual aviation-related activity
37 that:

38 (a) Is conducted by a commercial or industrial user of property within an airport boundary; and

39 (b) Relies, for business purposes, on the ability to taxi aircraft directly from the property em-
40 ployed for the commercial or industrial use to an airport runway.

41 **SECTION 8.** ORS 836.640, as amended by section 7 of this 2007 Act, is amended to read:

42 836.640. As used in sections 2 to 6 of this 2007 Act:

43 *[(1)]* "Airpark" means a residential development that allows aircraft to taxi directly from the prop-
44 erty to an airport runway.]

45 *[(2)]* (1) "Airport sponsor" means the city, county, port, state agency or private entity that is

1 qualified to receive funds from the Federal Aviation Administration or the Oregon Department of
2 Aviation for use by the airport.

3 [(3)] (2) “Customary and usual aviation-related activity” includes activities described in ORS
4 836.616 (2) and includes activities that a local government may authorize pursuant to ORS 836.616
5 (3).

6 [(4) “New property tax revenues” means:]

7 [(a) With respect to property outside the airport boundary, incremental new property tax revenues
8 that are generated as a result of commercial and industrial development or expansion in an airport tax
9 increment financing district.]

10 [(b) With respect to property inside the airport boundary, property taxes collected based on the in-
11 crease in value of commercial, industrial and residential airport property on and after the date the
12 airport tax increment financing district is established.]

13 [(5) “Partial rebates” means the portion of the new property tax revenues paid to the airport
14 sponsor for an airport within an airport tax increment financing district.]

15 [(6)] (3) “Pilot site” means a rural airport identified to participate in the pilot program pursuant
16 to ORS 836.642.

17 [(7)] (4) “Rural airport” means an airport described in ORS 836.610 (1) that is not located in a
18 city with a population, as of January 1, 2005, of more than 75,000.

19 [(8)] (5) “Through the fence operation” means a customary and usual aviation-related activity
20 that:

21 (a) Is conducted by a commercial or industrial user of property within an airport boundary; and

22 (b) Relies, for business purposes, on the ability to taxi aircraft directly from the property em-
23 ployed for the commercial or industrial use to an airport runway.

24 **SECTION 9. The Economic and Community Development Department shall report to the**
25 **appropriate committee of the Seventy-fifth Legislative Assembly on:**

26 (1) **The progress in attracting commercial and industrial development or expansion within**
27 **an airport tax increment financing district and the corresponding increase in new jobs cre-**
28 **ated;**

29 (2) **The period of time over which partial rebates have been committed under sections 2**
30 **to 6 of this 2007 Act; and**

31 (3) **The economic impact on the State of Oregon of new property tax revenues and partial**
32 **rebates paid from new property tax revenues under sections 2 to 6 of this 2007 Act.**

33 **SECTION 10. The amendments to ORS 836.640 by section 8 of this 2007 Act become op-**
34 **erative January 2, 2018.**

35 **SECTION 11. (1) Sections 2 to 5 of this 2007 Act are repealed January 2, 2018.**

36 **(2) Section 6 of this 2007 Act is repealed January 2, 2033.**

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