

Senate Bill 807

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 **as introduced**.

Directs Economic and Community Development Department to establish program to allow rural airport in State of Oregon, with approval of 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.

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

4 **SECTION 1. As used in sections 1 to 6 of this 2007 Act:**

5 (1) **"Airport sponsor" means the city, county, port or state agency that is qualified to**
6 **receive funds from the Federal Aviation Administration for use by the airport.**

7 (2) **"New property tax revenues" means incremental new property tax revenues that are**
8 **generated as a result of commercial and industrial development or expansion in an airport**
9 **tax increment financing district.**

10 (3) **"Partial rebates" means the portion of the new property tax revenues paid to the**
11 **airport sponsor for an airport within an airport tax increment financing district.**

12 (4) **"Rural airport" has the meaning given that term in ORS 836.640.**

13 (5) **"Through the fence operation" has the meaning given that term in ORS 836.640.**

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

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

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

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

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

29 (3) **The department shall design the program to promote local economic development by**

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 creating family wage jobs, increasing the local tax base and increasing financial support for
2 rural airports.

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

7 (5) Land included within a tax increment financing district must be within a _____-mile
8 radius of the airport.

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

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

17 (2) The agreement may provide for a partial rebate to the airport sponsor for use to pay
18 for airport-related infrastructure and services.

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

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

25 (a) After the department verifies the new property tax revenues upon which the partial
26 rebate is based, a city, county or other local property taxing jurisdiction that approves es-
27 tablishment of a tax increment financing district shall pay a partial rebate based on projects
28 that are:

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

30 (B) In road or utility easements that serve land within the airport tax increment fi-
31 nancing district.

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

33 (A) Airport-related infrastructure projects and services on publicly owned airport prop-
34 erty, within public rights of way or within public easements for roads, taxiways, stormwater,
35 sewer, water, power, communications or other utilities that directly serve the lands within
36 an airport tax increment financing district and that are included on the airport sponsor's
37 approved airport layout plan.

38 (B) Airport management projects, including maintenance, planning, design, noise abate-
39 ment and other essential airport operations efforts.

40 (c) The airport sponsor shall pay:

41 (A) 2.5 percent of all partial rebates to the Oregon Department of Aviation to support
42 rural aviation planning that serves rural airports throughout Oregon.

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

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

6 **(a) One-third of the members must own an aircraft in the tax increment financing dis-**
 7 **trict.**

8 **(b) One-third of the members must own a business in the tax increment financing dis-**
 9 **trict.**

10 **(c) One-third must represent the airport management agency that operates the airport.**

11 **(3) To receive funding from moneys received by an airport sponsor as a partial rebate, a**
 12 **qualifying airport-related infrastructure or service described in subsection (1)(b) of this sec-**
 13 **tion must receive the unanimous approval of the airport public-private partnership commit-**
 14 **tee.**

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

19 **(2) Within 90 days after the end of each calendar year, an airport sponsor that has en-**
 20 **tered into an agreement with the department under sections 1 to 6 of this 2007 Act shall**
 21 **provide the department and each city, county and other local property taxing jurisdiction**
 22 **with taxable property within the airport tax increment financing district that approved es-**
 23 **tablishment of the district with documentation of the new property tax revenues the sponsor**
 24 **believes have been generated within the district during the past calendar year.**

25 **(3) The department shall:**

26 **(a) Audit or review the documentation;**

27 **(b) Make a determination of the amount of partial rebates earned under the agreement;**
 28 **and**

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

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

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

41 **(1) Requirements for the structure and amount of partial rebates offered under sections**
 42 **1 to 6 of this 2007 Act.**

43 **(2) Other provisions for the administration of the program described in sections 1 to 6**
 44 **of this 2007 Act, including additional terms and conditions of an agreement entered into un-**
 45 **der sections 1 to 6 of this 2007 Act.**

1 **SECTION 7.** The Economic and Community Development Department shall report to the
2 appropriate committee of the Seventy-fifth Legislative Assembly on:

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

6 (2) The period of time over which partial rebates have been committed under sections 1
7 to 6 of this 2007 Act; and

8 (3) The economic impact on the State of Oregon of new property tax revenues and partial
9 rebates paid from new property tax revenues under sections 1 to 6 of this 2007 Act.

10