

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
75th Oregon Legislative Assembly  
2009 Regular Session  
Legislative Revenue Office

**Bill Number:** HB 2699 A  
**Revenue Area:** Property Tax  
**Economist:** Dae Baek  
**Date:** April 29, 2009

**Measure Description:** Modifies the definition of public works to include a construction, reconstruction or major renovation project for a privately owned road, highway, building, structure, or improvement of any type that is located in an Enterprise Zone (EZ), consists of or is sited on real property for which a qualified business has received a property tax exemption under the state's EZ program, and has a projected cost of at least \$5 million. Establishes a \$5,000 fee to Oregon Bureau of Labor and Industries (BOLI) under the prevailing wage rate law to be paid by the sponsor(s) of the EZ in which the public works is or will be located. Declares an emergency, effective upon passage.

**Revenue Impact (in \$Millions):**

	Fiscal Year		Biennium		
	2009-10	2010-11	2009-11	2011-2013	2013-2015
<b>BOLI Fees</b>	<b>\$ 0.07</b>	<b>\$ 0.07</b>	<b>\$ 0.15</b>	<b>\$ 0.15</b>	<b>\$ 0.15</b>

**Impact Explanation:** State of Oregon 2009-11 Tax Expenditure Report indicates that just over three quarters of the investments in EZ are under \$5 million. Oregon Economic and Community Development Department (OECDD) estimates that there could be 10-15 projects in the state's EZ program in a year that could be subject to the prevailing wage rate law under this bill. However if the firms of these projects do not take advantage of available property tax exemption, they are not subject to the provisions in this bill. The revenue impact therefore depends on cost and benefit analysis on the part of existing and potential firms in the state's EZ. To the extent that the firms do not use property tax exemptions to avoid prevailing wages, the local governments and schools will see an increase in property tax revenue. On the other hand, prevailing wages can add revenue to state general funds. At the same time, firms' location decision may depend on incentives and disincentives in the EZ with implications on future revenues.

Revenue impact analysis ultimately depends on rational decisions on the part of business firms in the EZ. It is not clear (1) whether there will be an impact, if any, on property taxes or general funds and (2) if so, how much the impact will be.

**Creates, Extends, or Expands Tax Expenditure:** Yes  No