

Senate Bill 439

Sponsored by COMMITTEE ON BUSINESS AND TRANSPORTATION

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 create airport tax increment financing districts, with approval of cities, counties and other local property taxing jurisdictions with taxable lands in district. Allows airport sponsor to use up to 50 percent of incremental property tax revenues generated by commercial and industrial development or expansion within district to pay for airport-related infrastructure projects 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 2009 Act:**

5 (1) "Airport sponsor" means the city, county, port, state agency or private organization
6 that is qualified to receive funds for use by the rural airport from the Federal Aviation Ad-
7 ministration or from the Oregon Department of Aviation.

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

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

13 (4) "Rural airport" means an airport within this state that is not located in a city with
14 a population of more than 75,000.

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

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

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

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

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

28 (2) The Economic and Community Development Department, with approval of the Oregon
29 Economic and Community Development Commission, shall establish a program to create

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 **airport tax increment financing districts.**

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

5 **(4) With approval of the commission, of the airport sponsor and of cities, counties and**
 6 **other local property taxing jurisdictions whose taxable lands would be included in the airport**
 7 **tax increment financing district and who would provide partial rebates, the department may**
 8 **create a tax increment financing district around a rural airport.**

9 **(5) Land included within an airport tax increment financing district must be within the**
 10 **airport boundary.**

11 **(6) A rural airport utilizing an airport district tax exemption under ORS 307.120 shall**
 12 **voluntarily terminate the exemption as a condition of approval of the creation of an airport**
 13 **tax increment financing district.**

14 **(7) To be consistent with Federal Aviation Administration standards for ensuring good**
 15 **return on public investment, an airport sponsor that approves creation of a tax increment**
 16 **financing district shall commit to keeping the rural airport open for public use for a period**
 17 **of at least 20 years.**

18 **SECTION 3. (1) The Economic and Community Development Department, with the ap-**
 19 **proval of the Oregon Economic and Community Development Commission, may enter into**
 20 **an agreement with an airport sponsor that operates and maintains a rural airport within an**
 21 **airport tax increment financing district providing for partial rebates to the airport sponsor.**

22 **(2) Under the agreement, cities, counties and other local property taxing jurisdictions**
 23 **whose taxable lands are included in the airport tax increment financing district may make**
 24 **partial rebates to cover the costs of airport-related infrastructure projects and services de-**
 25 **scribed in section 4 (1)(b) of this 2009 Act.**

26 **(3) Partial rebates for each airport tax increment financing district may not exceed 50**
 27 **percent of the new property tax revenues in a calendar year, for a period of up to 25 years.**

28 **SECTION 4. (1) The Economic and Community Development Department, with the ap-**
 29 **proval of the Oregon Economic and Community Development Commission, shall set stan-**
 30 **dards by which an airport sponsor may qualify to receive partial rebates, subject to the**
 31 **following:**

32 **(a) After the department verifies the new property tax revenues upon which the partial**
 33 **rebates are based, a city, a county or another local property taxing jurisdiction that approves**
 34 **establishment of an airport tax increment financing district shall pay partial rebates based**
 35 **on projects that are:**

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

37 **(B) Improvements in roads or utility easements that are within one-half mile of the air-**
 38 **port tax increment financing district and serve land within the district.**

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

40 **(A) Airport-related infrastructure projects and services on publicly used airport property,**
 41 **within public rights of way or within public easements for roads, taxiways or utilities, in-**
 42 **cluding storm water, sewer, water, power and communications, that directly serve the lands**
 43 **within an airport tax increment financing district and that are included on the airport**
 44 **sponsor's approved airport layout plan.**

45 **(B) Airport management projects, including maintenance, planning, design, noise abate-**

1 **ment and other essential airport operations efforts.**

2 **(C) Administrative costs incurred by the Oregon Department of Aviation.**

3 **(2) Not all cities, counties and other local property taxing jurisdictions are required to**
4 **approve creation of an airport tax increment financing district.**

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

10 **(a) One-third of the members must own an aircraft based in the airport tax increment**
11 **financing district.**

12 **(b) One-third of the members must own a business in the airport tax increment financing**
13 **district.**

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

16 **(4) To receive funding from moneys received by an airport sponsor as partial rebates, a**
17 **qualifying airport-related infrastructure project or service described in subsection (1)(b) of**
18 **this section must receive the unanimous approval of the airport public-private partnership**
19 **committee.**

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

24 **(2) Within 90 days after the end of each calendar year, an airport sponsor that has en-**
25 **tered into an agreement with the department under section 3 of this 2009 Act shall provide**
26 **the department and other parties to the agreement with documentation of the expenditure**
27 **of partial rebates within the district during the past calendar year.**

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

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

30 **(b) Make a determination whether partial rebates were used for a purpose described in**
31 **section 4 (1)(b) of this 2009 Act; and**

32 **(c) Forward a commission-approved request for payment of the partial rebates due for**
33 **the following tax year to each city, county and other local property taxing jurisdiction that**
34 **approved creation of the airport tax increment financing district, together with information**
35 **regarding the name and address of the payee airport sponsor and any other information**
36 **reasonably requested by the city, county or other local property taxing jurisdiction.**

37 **(4) Each city, county and other local property taxing jurisdiction that approved creation**
38 **of the airport tax increment financing district shall pay the partial rebates for the following**
39 **tax year within 90 days after receipt of the information and request for payment required**
40 **by subsections (2) and (3) of this section.**

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

43 **(1) Requirements for the structure and amount of partial rebates offered under sections**
44 **1 to 6 of this 2009 Act; and**

45 **(2) Other provisions for the administration of the program described in sections 1 to 6**

1 of this 2009 Act, including additional terms and conditions of an agreement entered into un-
2 der section 3 of this 2009 Act.

3 **SECTION 7.** The Economic and Community Development Department shall report to the
4 appropriate committee of the Seventy-seventh Legislative Assembly before February 1, 2013,
5 on:

6 (1) The progress in attracting commercial and industrial development or expansion within
7 airport tax increment financing districts and the corresponding increase in new jobs created;

8 (2) The period of time for which partial rebates have been committed under sections 1
9 to 6 of this 2009 Act; and

10 (3) The economic impact on the State of Oregon of new property tax revenues and partial
11 rebates paid under sections 1 to 6 of this 2009 Act.

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