

76TH OREGON LEGISLATIVE ASSEMBLY  
STAFF MEASURE SUMMARY  
HOUSE REVENUE COMMITTEE

MEASURE: HB 3494  
CARRIER:

REVENUE: Has revenue impact, statement not yet issued  
FISCAL: May have fiscal impact, statement not yet issued

*Preliminary*

Action:

Vote:

Yeas:

Nays:

Exc.:

MEASURE: HB 3494  
EXHIBIT: 1  
HOUSE REVENUE COMMITTEE  
DATE: 2/28/2011 PAGES: 2  
SUBMITTED BY: CHRISTINE BRONIAK

Prepared By: Christine Broniak, Economist  
Meeting Dates: 2/28

**WHAT THE BILL DOES:** Extends the sunset date for enterprise zones from June 30, 2013 to June 30, 2023. Changes the sunset date after which an area may not be designated an enterprise zone. Moves the sunset date for a business to obtain authorization for an enterprise zone property tax exemption. Extends the sunset date after which existing enterprise zones cease to exist. Indirectly extends the various income tax credits that apply when a business is located in an enterprise zone including the credits for businesses located in electronic commerce enterprise zones but excluding those associated with the long-term rural enterprise zones.

**ISSUES DISCUSSED:**

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**EFFECT OF COMMITTEE AMENDMENTS:**

**BACKGROUND:** There are currently 59 enterprise zones statewide. Statute allows for property tax exemptions for 3 to 5 years for standard enterprise zones. Sponsors of enterprise zones in qualifying counties may seek designations as long-term rural enterprise zones and property tax exemptions in these areas can last for 7 to 15 years. Businesses in these long-term rural enterprise zones can also qualify for an income tax credit that is associated with the enterprise zone.

If the sunset is not extended, most enterprise zones will dissolve on June 30, 2013. Businesses receiving property tax exemptions associated with the enterprise zones can continue to receive these exemptions for the approved amount of time despite the termination of the enterprise zone. This requires that the business apply for the tax exemption prior to the dissolution of the zone. Businesses with existing property receiving the exemption are eligible to receive exemptions on new property as long as it is constructed on land that was part of the enterprise zone before it was dissolved and within the timeframe in which existing property receives the exemption.

Income tax credits associated with enterprise zone businesses represent a minor portion of the total tax relief. Under the current statute, a portion of these these would also cease when enterprise zones are eliminated. The exception would be income tax credits received by businesses located in cities designated as electronic commerce zones but not as enterprise

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