

76TH OREGON LEGISLATIVE ASSEMBLY
STAFF MEASURE SUMMARY
SENATE FINANCE AND REVENUE COMMITTEE

MEASURE: HB 3017 A
CARRIER: Sen. Telfer

REVENUE: Revenue Impact Issued

FISCAL: Minimal Fiscal Impact

Action: Do Pass

Vote: 4-0-0

Yeas: Hass, Morse, Telfer, Burdick

Nays: 0

Exc.: 0

Prepared By: Christine Broniak, Economist

Meeting Dates: 5/18, 5/23

WHAT THE BILL DOES: Extends the sunset date for enterprise zones from June 30, 2013 to June 30, 2025. Moves the sunset date for a business to obtain authorization for an enterprise zone property tax exemption. For long-term rural enterprise zones, changes the date for the property tax exemption from June 30, 2013 to June 30, 2025. Removes the sunset extension for the income tax credit associated with long term rural enterprise zones to sunset for businesses obtaining certification after June 30, 2012.

ISSUES DISCUSSED:

- Sunset of electronic commerce enterprise zones
- Long-term rural enterprise zones as they compare to standard enterprise zones

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 with the exception of reservation enterprise zones. 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, some of these would also cease when enterprise zones are eliminated. The exceptions are businesses that receive the electronic commerce income tax credit due to their location in a city designated for electronic commerce but not in an electronic commerce enterprise zone. The income tax credit associated with electronic commerce enterprise zones has a separate sunset date of January 1, 2012 that is not changed by this measure. HB 3172 would change this sunset date.

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