

**76TH OREGON LEGISLATIVE ASSEMBLY  
2012 Regular Session  
STAFF MEASURE SUMMARY  
HOUSE REVENUE COMMITTEE**

**MEASURE: HB 4093 - 4  
CARRIER:**

**REVENUE:** Revenue Impact Statement Issued  
**FISCAL:** Fiscal Impact Statement Issued

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**Action:**

**Vote:**

**Yeas:**

**Nays:**

**Exc.:**

**Prepared By:** Christine Broniak, Economist  
**Meeting Dates:** 2/6, 2/7

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**WHAT THE BILL DOES:** Increases number of enterprise zones that may be designated and maximum area of enterprise zone.

**ISSUES DISCUSSED:**

- Benefits of enterprise zones
- Revenue impact of enterprise zones.

**EFFECT OF COMMITTEE AMENDMENTS:** Allows rural enterprise zones to increase to 15 square miles in size and to have 15 miles as the greatest distance between two points, but does not change size limits of urban enterprise zones. Removes the provision that the number of electronic commerce enterprise zones may increase from 10 to 20 zones. Removes the provision that enterprise zones may last for 1 additional year over existing time limits. Allows a sponsor of an enterprise zone terminated to apply for a new enterprise zone 10 years after termination. Requires enterprise zone sponsor to report on any of the 3 new rural enterprise zones and 5 new urban or rural enterprise zones designated pursuant to this measure.

**BACKGROUND:** Currently, the number of enterprise zones is limited to 17 rural and 10 urban or rural zones. The measure would expand the rural zones by 3 and the urban or rural enterprise zones by 5. Current statute also prohibits an enterprise zone sponsor to apply for a new enterprise zone if the sponsor has had an enterprise zone terminated under ORS 285C.245 (4) or (5.) That is a termination that is either voluntary or due to not meeting requirements.

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**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
**Seventy-Sixth Oregon Legislative  
Assembly**  
**2012 Regular Session**  
**Legislative Revenue Office**

<b>Bill Number:</b>	<b>HB 4093 - 4</b>
<b>Revenue Area:</b>	<b>Property Tax</b>
<b>Economist:</b>	<b>Christine Broniak</b>
<b>Date:</b>	<b>2/23/12</b>
<b>REVISED</b>	

**Measure Description:**

Allows rural enterprise zones to increase to 15 square miles in size and to have 15 miles as the greatest distance between two points, but does not change size limits of urban enterprise zones. Allows a sponsor of an enterprise zone terminated to apply for a new enterprise zone 10 years after termination. Requires enterprise zone sponsor to report on any of the 3 new rural enterprise zones and 5 new urban or rural enterprise zones designated pursuant to this measure.

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

	<b>2011-13</b>	<b>2013-15</b>	<b>2015-17</b>
<b>Counties and Local Taxing Districts</b>	-\$ 1.42	-\$ 5.00	-\$ 5.15
<b>Schools</b>	- \$ 0.94	-\$ 3.34	-\$ 3.44
<b>Total</b>	<b>-\$ 2.36</b>	<b>-\$ 8.34</b>	<b>-\$ 8.59</b>

**Impact Explanation:**

The measure's impact would be in its expansion of the number of rural (17 zones to 20 zones) and urban/rural enterprise zones (10 zones to 15 zones,) its increases in size of rural enterprise zones, and its allowance of a zone sponsor to sponsor another enterprise zone after cancellation for failing to meet the requirements or voluntary zone cancellation. There is currently full utilization of all urban/rural zones allowed by statute. In 2011-13, there is an anticipated revenue impact of \$34.6 million and a shift of \$7.2 million from existing urban/rural enterprise zones. In 2011-13, the revenue impact of existing Long Term Rural Enterprise Zones is anticipated to be \$27.5 million and a shift of \$5.6 million. It is assumed that a proportionally larger revenue impact would occur from expanding these zones. The proportional increase in the number of zones was used to estimate the revenue impact from new zones relative to the revenue impact of existing zones.

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

The policy purpose of this measure is to stimulate and protect economic success throughout all regions of the state but especially to those communities at the center of or outside major metropolitan areas for which geography may act as an economic hindrance... by providing tax incentives for employment, business, industry and commerce and by providing adequate levels of complementary assistance to community strategies for such interrelated goals as environmental protection, growth management and efficient infrastructure.

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 4093 - 4**

Seventy-Sixth Oregon Legislative Assembly – 2012 Regular Session  
Legislative Fiscal Office

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Prepared by: Matt Stayner  
Reviewed by: Steve Bender, Laurie Byerly  
Date: 2/23/12

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**Measure Description:**

Increases number of enterprise zones that may be designated and maximum area of enterprise zone.

**Government Unit(s) Affected:**

Business Development Department (Business Oregon), Department of Revenue(DOR)

**Analysis:**

The proposed legislation has been determined to have  
**MINIMAL EXPENDITURE IMPACT**  
on state or local government.

While this individual measure has a "Minimal" fiscal impact, an agency may incur a net fiscal impact greater than minimal depending on the cumulative impact of all measures enacted into law that affect the agency.