

REVENUE IMPACT OF PROPOSED LEGISLATION

Seventy-Sixth Oregon Legislative Assembly
2012 Regular Session
Legislative Revenue Office

Bill Number: HB 4093 - A
Revenue Area: Property Tax
Economist: Christine Broniak
Date: 2/24/12

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):

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

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. There would be some offsetting positive revenues to the state general fund to the extent that enterprise zones stimulate new business activity for which corporate and personal income tax revenue would increase.

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.