



Taking action for basic human needs.

March 18, 2013

To: Senator Lee Beyer, Chair  
Senate Business and Transportation Committee

RE: SB 246 & SB 253 – Industrial Site Readiness Program

The Human Services Coalition of Oregon (HSCO) is comprised of organizations and individuals whose purpose is to educate and advocate in the Oregon Legislature for vulnerable Oregonians. As it relates to tax and revenue issues, the Coalition has adopted principles and goals which promote Fairness, Adequacy, Stability and Transparency. We will be happy to provide a copy to the Committee on request.

Traditionally, HSCO has focused on State tax expenditures. Arguably, SB 246 & SB 253 do not fall into this category. On the other hand, they do commit State resources for the purpose of economic development: an objective that is the justification for many tax expenditures such as tax credits. In part, our interest in these bills is the contrast between their provisions and those of, for example, 1) the Deferred Property Tax for Seniors and People with Disabilities and 2) the retirement income tax credit for taxpayers 62 or older who may be eligible for a credit of up to 9 percent of their net pension income. Both of these programs are strictly means tested and in the case of the deferred property tax program (a form of loan advance by the State) carry an interest rate of 6% and the loan is not forgivable.

In contrast, SB 246 and SB 253, respectively, authorize high risk loans (may be 50% forgivable) and grants of up to \$100,000 for industrial site assessment and development activities. HSCO does not object to economic development incentives but believes the Committee should assure that the incentive programs are carefully structured to protect the State's financial interest and offer clear public benefits. For example, it is unclear why the loans should be forgivable even in part or why the State should not share in the land value increment created as a result of its high risk investment?

It is our understanding that the bills are undergoing amendment. Without reviewing such changes it is difficult to offer more specific comments on the bills in question.

Sincerely,

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CC: Committee Members

*The Human Services Coalition of Oregon (HSCO) is comprised of organizations and individuals from across the state who are committed to protecting and strengthening human services on which vulnerable Oregonians depend.*