

REVENUE: Revenue statement issued

FISCAL: Minimal fiscal impact, no statement issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Revenue by Prior Reference
Vote:	8 - 0 - 1
Yeas:	Bentz, Boone, Dembrow, Johnson, Reardon, Vega Pederson, Whitsett, Bailey
Nays:	0
Exc.:	Weidner
Prepared By:	Adam Crawford, Administrator
Meeting Dates:	3/28, 4/9

WHAT THE MEASURE DOES: Allows exemption from ad valorem property taxation under Rural Renewable Energy Development Program if governing body of zone sponsor adopts resolution waiving requirements and if \$5 million investment is made. Takes effects 91 days after sine die.

ISSUES DISCUSSED:

- History of Rural Renewable Energy Development (RRED) Program
- RRED Program requirements
- Strategic investment program
- Accelerated depreciation
- Commercial solar industry in Oregon

EFFECT OF COMMITTEE AMENDMENT: Replaces measure.

BACKGROUND: Enterprise zones are designed to encourage business investment through property tax relief. In exchange for locating or expanding into an enterprise zone, eligible (generally non-retail) businesses receive total exemption from the property taxes normally assessed on new plant and equipment for a specified amount of time, which varies between the different enterprise zone programs. To qualify for most enterprise zone programs, companies also need to increase their workforce as well as meet other program requirements.

The Rural Renewable Energy Development (RRED) program is similar to other enterprise zones. The abatement is the standard (3- to 5-year) exemption from local taxes on new property used for renewable energy activities. These renewable energy activities can include those that harness wind, geothermal, solar, biomass or other unconventional forms of energy in Oregon to generate electricity, or produce, distribute or store any of a wide variety of biofuels. Cities, counties or several counties can set up RRED zones in areas outside an urban growth boundary but within their jurisdiction. No RRED zone can contain a project worth more than \$250 million. House Bill 2981 A would allow an exemption from ad valorem property taxes in RRED zones under specified circumstances.