

**77TH OREGON LEGISLATIVE ASSEMBLY
2013 REGULAR SESSION
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE**

**MEASURE: HB 2981 A
CARRIER: Rep. Bailey**

REVENUE: Revenue Impact Statement Issued

FISCAL: Minimal Fiscal Impact

Action: Do Pass

Vote: 9-0-0

Yeas: Bailey, Bentz, Berger, Conger, Davis, Gelser, Read, Vega Pederson, Barnhart

Nays: 0

Exc.: 0

Prepared By: Christine Broniak, Economist

Meeting Dates: 4/30, 5/7

WHAT THE BILL 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:

- Development of solar energy
- Rural economic development

EFFECT OF COMMITTEE AMENDMENTS: No Amendments

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.

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