

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 246 - A**Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***

Prepared by: Krista McDowell
Reviewed by: Steve Bender, John Borden
Date: 5/13/2013

Measure Description:

Requires Oregon Business Development Department to establish and administer Oregon Industrial Site Readiness Program to make loans to qualified project sponsors for development of certified state and regionally significant industrial sites.

Government Unit(s) Affected:

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

Summary of Expenditure Impact:

See Analysis

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The fiscal impact of bill is indeterminate. The bill establishes the Oregon Industrial Site Readiness Program Fund and requires the Oregon Business Development Department (OBDD), in consultation with the Department of Revenue, to administer the Oregon Industrial Site Readiness Program. The bill provides two financing mechanisms to offset development costs for qualified industrial sites. One of these would provide tax reimbursement arrangements to project sponsors, who would be eligible to receive payments equivalent to 50 percent of the estimated income tax revenues owed by employees hired by the eligible employer, until all eligible site preparation costs, including interest, had been recovered. The alternative mechanism would offer a project sponsor a forgivable loan for site preparation costs. A portion of the loan equal to the lesser of either 50 percent of total eligible site preparation costs, or of 50 percent of the estimated income tax revenues owed by employees hired by the eligible employer, would then be forgiven.

The bill does not provide funding for the program. OBDD would need to enter into agreements with project sponsors stipulating that payments to them would be provided subject to available funding. This requirement would likely limit the appeal of the program to prospective project sponsors.

OBDD envisions that site preparation costs for projects on eligible industrial sites may range from \$2-\$4 million each, and that two projects could reasonably be anticipated in the 2013-15 biennium. The agency would request one full-time Program Analyst 4 position to administer the program, review applications, process agreements and perform legislative reporting requirements, and one quarter-time Accounting Technician 2 position to perform bookkeeping tasks related to the program. These two positions are estimated to cost \$224,042 per biennium. One-time rule making costs for OBDD are estimated between \$5,000 to \$10,000 in the 2013-15 biennium.

Department of Revenue reports that the fiscal impact associated with the passage of this bill is minimal.