

# REVENUE IMPACT OF PROPOSED LEGISLATION

Seventy-Seventh Oregon Legislative Assembly  
2013 Regular Session  
Legislative Revenue Office

<b>Bill Number:</b>	<b>SB 246 - B</b>
<b>Revenue Area:</b>	<b>General/Lottery</b>
<b>Economist:</b>	<b>Mazen Malik</b>
<b>Date:</b>	<b>06/27/2013</b>

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

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## Measure Description:

Requires Oregon Business Development Department to establish and administer Oregon Industrial Site Readiness Program to enter into tax reimbursement arrangements with, or to make loans to, qualified project sponsors for development of certified regionally significant industrial sites.

## Revenue Impact (in \$Millions):

The revenue impact of this measure is negative but indeterminate.

## Impact Explanation:

The measure establishes the Oregon Industrial Site Readiness Program and Fund, and directs Oregon Business Development Department (OBDD) to administer the Oregon Industrial Site Readiness Program. The Program establishes two types of services to the entities (or project sponsors) that prepare sites for industrial development. The Program authorizes OBDD to enter into: (1) tax reimbursement arrangements, and (2) to make loans to qualified project sponsors for development of certified regionally significant industrial sites.

The measure allows OBDD to forgive up to 50% (eligible site preparation costs) of the loans when a project sponsor contracts with an eligible employer who sites employees on the site or to an amount equal to 50% of the estimated incremental income tax revenues associated with the employees on the site. Under the program's tax reimbursement arrangements, project sponsors may receive up to the full amount of their eligible site preparation costs, plus interest. Payment to the project sponsor, in a particular year, is equal to 50% of the incremental income tax revenues associated with eligible on-site employees in that year.

The measure requires the Department of Revenue to deposit personal income tax collections into the Oregon Industrial Site Readiness Program Fund, instead of into the General Fund. The amounts deposited are not to exceed 50% of the estimated incremental income tax revenues associated with all eligible on-site employees for that year. Monies in the fund are then used to fund tax reimbursement arrangement payments to project sponsors, and to reimburse OBDD for loan amounts that have been forgiven under the program's loan forgiveness provisions.

No specific projects or funding of bonds or otherwise is specified for the program. However, the measure will have a negative impact on general fund (tax payments) or loan forgiveness losses when the law is utilized. The ceiling set in the bill is \$10 million a year, and the program is allowed for 10 years. Thus, if all the necessary components operate as designed, the maximum amount of the impact will be \$100 million. While the loan program will have to be seeded before the impact occurs.

**Creates, Extends, or Expands Tax Expenditure:**      Yes  No

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