

**77TH OREGON LEGISLATIVE ASSEMBLY
2013 REGULAR SESSION
STAFF MEASURE SUMMARY
SENATE FINANCE AND REVENUE COMMITTEE**

**MEASURE: SB 245 - B
CARRIER:**

REVENUE: Revenue Impact Statement Issued

FISCAL: Minimal Fiscal Impact

Action: Do Pass with Amendments and requesting referral to Tax Credits (Printed B-Engrossed).

Vote: 5-0-0

Yeas: Baertschiger, George, Hass, Rosenbaum, Burdick

Nays: 0

Exc.: 0

Prepared By: Christine Broniak, Economist

Meeting Dates: 6/10

WHAT THE BILL DOES: Authorizes designation of enterprise zones or electronic commerce zones and cities, addition of zone cosponsors, and change of enterprise zone boundaries without application subject to determination by the Oregon Business Development Department (OBDD) that statutory requirements are met. Requires zone sponsor to notify and consult with OBDD at least 60 days prior to submitting notice of designation of enterprise zone, designation of e-commerce zone or city, or boundary change for final determination by OBDD. Directs OBDD to make determination in order received if more than one notice designating zone or city submitted. Effective on 91st day after adjournment sine die.

ISSUES DISCUSSED:

- Economic development
- Approval process for enterprise zones

EFFECT OF COMMITTEE AMENDMENTS: Increases the maximum number of Electronic Commerce Enterprise Zones from 10 to 15.

BACKGROUND: Oregon's 60 enterprise zones serve as incentives to help resident businesses to reinvest and grow in communities facing economic challenges. If an eligible business locates or expands within an enterprise zone, they receive total exemption from the property taxes normally assessed on new plant and equipment for three years, or up to five years if the project meets certain criteria. Electronic commerce (e-commerce) zones may be designated within an enterprise zone or a city meeting certain requirements. E-commerce is defined as engaging in commercial or retail transactions predominately over the Internet or a computer network, utilizing the Internet as a platform for transacting business, or facilitating the use of the Internet by other persons for business transactions. E-commerce zones, among other provisions, allow qualifying businesses to receive a credit against the business's annual state income or corporate excise tax liability of 25 percent of the investment cost made in capital assets used in e-commerce operations, up to \$2 million per year.

To designate an enterprise zone or e-commerce zone, modify zone boundaries, or add zone sponsors, a request must first be submitted to the Oregon Business Development Department for approval. Senate Bill 245 transfers approval of designations, boundary modifications, or sponsor additions to local government and requires OBDD to make positive determination of compliance with statutes before the approval is final. In addition, it extends the \$1,000 e-commerce personal property exemption allowed in e-commerce zones to enterprise zones.

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