

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 246-B

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Read
Carrier – Senate: Sen. Beyer**

Action: Do Pass the A-Engrossed Measure as Amended and as Printed B-Engrossed

Vote: 26 – 0 – 0

House

Yeas: Barker, Buckley, Frederick, Freeman, Hanna, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson

Nays:

Exc:

Senate

Yeas: Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc:

Prepared By: Tamara Brickman, Department of Administrative Services

Reviewed By: Steve Bender, Legislative Fiscal Office

Meeting Date: June 28, 2013

Agency

Oregon Business Development Department

Biennium

2013-15

Budget Summary*

	2011-13 Legislatively Approved Budget ⁽¹⁾	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$ Change	% Change
Lottery Funds	\$ 0	\$ 0	\$ 179,254	\$ 179,254	100.0%
Total	\$ 0	\$ 0	\$ 179,254	\$ 179,254	100.0%

Position Summary

Authorized Positions	0	0	1	1
Full-time Equivalent (FTE) positions	0.00	0.00	0.88	0.88

⁽¹⁾ Includes adjustments through December 2012

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The bill 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, under certain conditions. Monies in the Fund are then used to fund tax reimbursement arrangement payments to project sponsors, and to reimburse the Oregon Business Development Department (OBDD) for loan amounts that have been forgiven under the program’s loan forgiveness provisions. The bill does not provide funds to OBDD for program loans. Until funding for those loans is provided in another bill, the Department will be unable to enter into loan arrangements, but will be able to enter into tax reimbursement arrangements.

Implementation and administration costs will be funded through Lottery Funds.

Summary of Transportation and Economic Development Subcommittee Action

SB 246-B establishes the Oregon Industrial Site Readiness Program and Fund (of the same name), continuously appropriates moneys in the Fund to the Oregon Business Development Department (OBDD), and directs the Department to establish and administer the Oregon Industrial Site Readiness Program. The Program establishes two types of support to public entities (project sponsors) that prepare sites for industrial development. The Program authorizes OBDD to enter into: (1) tax reimbursement arrangements with, and (2) to make loans to, qualified project sponsors for development of certified regionally significant industrial sites.

The bill allows OBDD to forgive up to 50 percent of the loans when a project sponsor contracts with an eligible employer who sites employees on the site. The program limits the amount of loan forgiveness to 50 percent of eligible site preparation costs, or to an amount equal to 50 percent of the estimated incremental income tax revenues associated with the eligible employer’s on-site employees, whichever is less. 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 percent of the estimated incremental income tax revenues associated in that year with the eligible employer's on-site employees.

The bill 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, under certain conditions. The amounts so deposited equal 50 percent of the estimated incremental income tax revenues associated with all eligible employers' on-site employees 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.

The Subcommittee adopted amendments that (1) limit the amount of tax reimbursement arrangements and loan amounts, authorized under the program, to no more than \$10 million per year; (2) prohibit the Department from entering into tax reimbursement arrangements or loan agreements on or after July 1, 2023; (3) prohibit funds received from the program from being used for environmental remediation of sites listed or proposed to be listed as a national priority pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA); (4) prohibit a site from being eligible for both a tax reimbursement arrangement and a loan agreement under the program; and (5) prohibit projects located on industrial sites with a tax reimbursement arrangement or loan agreement from also being included for purposes of payments from the Shared Services Fund (a.k.a, "Gain Share Program").

The Subcommittee allocated \$179,254 Lottery Funds to OBDD, increased the agency's Lottery Funds expenditure limitation for Business, Innovation and Trade by the same amount, and added one full-time Program Analyst four position (0.88 FTE) to the Department budget, for administration of the program. The bill does not provide funds to OBDD for program loans. Until funding for those loans is provided in another bill, the Department will be unable to enter into loan arrangements, but will be able to enter into tax reimbursement arrangements.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 246-B

**Oregon Business Development Department
 Tamara Brickman - 503-378-4709**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>SUBCOMMITTEE RECOMMENDATION</u>									
<u>Oregon Business Development Department</u>									
SCR 210 - Business, Innovation, Trade									
Personal Services	\$ 0	\$ 155,874	\$ 0	\$ 0	\$ 0	\$ 0	\$ 155,874	1	0.88
Services and Supplies	\$ 0	\$ 23,380	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,380		
SUBCOMMITTEE RECOMMENDATION	\$ 0	\$ 179,254	\$ 0	\$ 0	\$ 0	\$ 0	\$ 179,254	1	0.88