

Janet Young  
Testimony in favor of HB 2652  
House Committee on Rural Communities, Land Use, and Water  
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Chair Clem, members of the committee, my name is Janet Young. I am formerly the Economic Development Director for the City of Gresham and represent them here today in a consulting role. Thank you for this opportunity to speak in favor of HB 2652 which would amend the definition of “rural” in the Strategic Investment Program statute.

Gresham strongly supports this bill which would right an inequity in the State’s Strategic Investment Program. We believe there was a technical fluke in the statute which has resulted in a growing imbalance over time.

The Strategic Investment Program is an incentive program similar to the Enterprise Zone, but generally used for larger economic development projects. A company pays taxes on the first \$100 Million of value in an urban area, and the first \$25 Million of value in a rural area; this is called the capped value. Taxes on values above that cap are abated, although there are also Community Service Fees on the value above the cap.

The capped value is lower in rural areas of the state, to reflect the different scale of projects which may occur in rural vs. urban areas, and to provide an attractive advantage for companies to locate in rural Oregon.

But the Strategic Investment Program statute includes an odd sentence that distinguishes between rural and urban areas based on the location of a property inside or outside an Urban Growth Boundary of a city of 30,000 people as of a specific date – December 1, 2002.

Industrial properties which have come into UGB’s of large urban areas of the state since 2002 are still considered rural under the statute, though there is nothing legitimately rural about them. I cannot speak for other parts of the state, but industrial properties which have come into the Portland Metropolitan Urban Growth Boundary since 2002 have, in some instances, been directly across the street from large industrial manufacturers. These sites are clearly urban, but because of this quirky definition get categorized as rural.

This results not only in inequities within the Portland UGB where similar types of industrial properties have different incentives available, but more importantly it puts truly rural areas of the state at a real disadvantage. A rural industrial site in Prineville, Coos Bay, Newport or Lakeview would be considered in the same rural SIP category as a site squarely within an urban setting of the Portland UGB.

HB2652 removes the reference to December, 2002 and results in a common-sense distinction of rural and urban based on the current location of a property within a metro area UGB. Oregon’s Enterprise Zone statute already has a clear distinction between urban and rural, so a similar inequity does not occur there.

The Strategic Investment Program is an important economic development tool which has been critical to attracting and sustaining Oregon companies. We urge you to pass HB 2652 to resolve this inherent inequity in the definition of rural and urban properties and make this tool more fair throughout the State of Oregon.