

March 25, 2015

AOC SUPPORTS SB 129, REASONABLE CHANGES TO SIP/GAINSHARE

On February 9, 2015, the Association of Oregon Counties (AOC) Legislative Committee voted unanimously to support SB 129, which provides reasonable and common-sense changes to the Strategic Investment Program (SIP) and related Gainshare.

The SIP, Enterprise Zones and Urban Renewal Districts are the only major, locally funded economic tools available in Oregon to create game-changing economic development for the State and local communities. These programs, which are critical to the economic vitality of the entire State, are for the most part funded by property tax abatements. SIP/Gain Share is the **only** actively used incentive program that requires the State to have “skin in the game” by sharing, with counties that give up significant property taxes, income tax revenues raised from a SIP business’ employees.

SB 129 would allow for the transfer to the Local Economic Opportunity Fund 10% of the total annual amount of personal income tax revenues attributable to a SIP project where those income tax revenues exceed \$5 million. That 10% would be transferred to Business Oregon for distribution to fiscally distressed counties to support economic development activities. AOC believes the Regional Solutions Advisory Committees, comprised of public, private, and philanthropic leaders, would be an ideal forum for determining the distribution of these funds. As we are all painfully aware, not every area of our state is feeling the benefits of the economic recovery. This funding could go a long way to help jump start economic growth by providing money for infrastructure or other improvements in distressed areas.

Under SB 129, the remainder of the personal income tax revenues attributable to a SIP project would be split evenly between the State general fund and the Shared Services Fund. From the eligible county’s share, 40% of the dollars would be distributed to schools, with 60% of that going to local schools and 40% to the State School Fund.

SB 129 would also extend the sunset and provide further clarity to eligible businesses regarding under what circumstances their projects remain exempt.

Although AOC has not taken official positions on SB 57 and SB 848, under our adopted principles AOC would be opposed to reducing an eligible county's portion of the Shared Services Fund to 30% (in SB 848) or, even worse, to nothing (SB 57).

AOC has taken no position regarding the definitions of "net new jobs" and "retained jobs" as described in SB 57 and 848. However, we look forward to hearing the recommendations of the joint work group that has been considering these and the myriad of other issues raised in numerous related bills this session.

Although we understand the need to make modifications to the programs, AOC seeks to preserve the limited number of incentives we have in Oregon for retaining and attracting business. Nine counties currently use SIP; it has proven to be good for local governments, schools, and businesses. Many more counties would gladly follow suit if the opportunity arose.

AOC stands ready to assist you in any way possible with this issue. We encourage your support of SB 129.

Please contact Mary Stern at mstern@ocweb.org for more information about AOC or this issue.