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April 1, 2015

To: Chair, Sen. Mark Hass and members of the Senate Committee on Finance and Revenue

Re: Support of SB 129 with -1 Amendment

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Oregon's Strategic Investment Program (SIP) coupled with Gain Share provides an important economic development tool to attract large scale business investment to the state. The League of Oregon Cities (the League) supports continuing this Program and specifically supports SB 129 with the -1 amendment as the bill provides certainty to local government and business.

Transferring the gain share distributions each July, as Section 2 of the amendment provides, is a significant policy improvement that will ensure needed budgeting certainty for local government.

Section 6 of the -1 amendment would extend the sunset to January 1, 2029. The League supports this extension, but would also welcome a sunset that is out further because a 2029 sunset effectively precludes new 15 year SIP/gain share agreements. Competition with other states is fierce and this limited extension sends a mixed message.

Counties, cities and special districts, where a SIP project is located, give up very large property tax revenues with the SIP abatement program. Since 2007, the tradeoff to local governments for the risk and for the property tax revenue loss in the SIP has been gain share to partially offset the losses. The League supports keeping present law distributions for those counties with less than \$5 million as the lost property tax revenues are significant.

The League supports the -1 amendment's revised distribution formula for counties receiving more than \$5 million in gain share revenues. While the -1 significantly reduces the distribution to the local governments where the project is located, it does so in a balanced way and still ensures that cities will be able to provided needed services and infrastructure in the community.

Lastly, the new distribution formula will provide significant resources that benefit all Oregonians and all of Oregon's cities. Specifically, revised Section 2(3) in the -1, will distribute gain share revenues to the State School Fund, the OSU Statewide Service Programs, and the Career and Technical Education Program--- such dedicated funds will have long-term ties to economic development and job training enhancement throughout the state. The League encourages your support of the bill with the -1 amendment.