

STAFF MEASURE SUMMARY**House Committee On Rural Communities, Land Use, and Water****Fiscal:** Has minimal fiscal impact**Revenue:** Revenue impact issued**Action Date:** 04/09/15**Action:** Do Pass And Be Referred To Revenue By Prior Reference**Meeting Dates:** 03/12, 04/09**Vote:**

Yeas: 6 - Clem, Gilliam, Gomberg, Helm, Post, Witt

Nays: 1 - McLane

Prepared By: Ian Davidson, Committee Administrator

WHAT THE MEASURE DOES:

Changes definition of “rural area” to mean area located entirely outside of urban growth boundary of city with population of 40,000 or more, as boundary is acknowledged on date on which application is submitted for strategic investment program. Grandfathers existing definition for current strategic investment zones and parcels of land on which eligible projects are currently located. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Importance of the Strategic Investment Program for rural communities
- Grandfather clause in the bill

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

Oregon has offered the Strategic Investment Program (SIP), a tax incentive, as a means to attract businesses to the state since 1993. There are two types of SIPs in Oregon: rural and urban. In rural SIPs property tax is paid on the first \$25 million of investment for development on industrial land, whereas property tax is paid on the first \$100 million of investment for development in an urban SIP. For the purposes of SIPs, current law defines “rural area” as an area located entirely outside of the urban growth boundary of a city with a population of 30,000 or more, as the urban growth boundary was acknowledged on December 1, 2002.

House Bill 2652 would modify the definition of “rural area” as an area located entirely outside of the urban growth boundary of a city with a population of 40,000 or more on the date when the application is submitted. The measure would also grandfather the existing projects located within a strategic investment zone designated before the effective date of the Act.