

**REVENUE IMPACT OF
PROPOSED LEGISLATION
Seventy-Eighth Oregon Legislative
Assembly
2015 Regular Session
Legislative Revenue Office**

**Bill Number: HB 2643 - A
Revenue Area: Property Tax
Economist: Kyle Easton
Date: 5/12/2015**

***Only Impacts on Original or Engrossed
Versions are Considered Official***

Measure Description:

Authorizes designation of enterprise zone, electronic commerce zone, electronic commerce city and reservation enterprise zone by zone sponsor or sponsors. Zone sponsor may be a city, county, port or tribal government. Designation of enterprise zone and boundary change of zone subject to determination by Oregon Business Development Department (OBDD) that certain statutory requirements are met. Requires submission of documentation to OBDD before designation, addition or change, and requires consultation with department. Eliminates numeric limit on number of enterprise zones that may be designated at any time. Lowers minimum cost requirement for qualified property used in electronic commerce outside zone for electronic commerce. Takes effect on 91st day following adjournment sine die.

Revenue Impact (in \$Millions):

| | Fiscal Year | | Biennium | | |
|----------------------------------|--------------|--------------|----------|---------|---------|
| | 2015-16 | 2016-17 | 2015-17 | 2017-19 | 2019-21 |
| Local Government | Minimal Loss | Minimal Loss | Minimal | (.1) | (.1) |
| Local Education Districts | Minimal Loss | Minimal Loss | Minimal | (.1) | (.1) |
| Total Revenue Change | Minimal Loss | Minimal Loss | (.1) | (.2) | (.2) |

Impact Explanation:

The measure eliminates the statutory numeric limit on the number of enterprise zones that may be designated at any time while providing authority to Oregon Business Development Department regarding number of enterprise zones that may be designated within a city or other jurisdiction. No direct revenue impact exists from removing the limit on the number of enterprise zones as creation of enterprise zones is permissive to county, city or port districts. Historically, following periods of increases in the overall limit on number of enterprise zones, new zones have been created.

Lowering the minimum cost requirement for qualified personal property used in electronic commerce outside electronic commerce zones is expected to have a small impact upon revenues as shown in impact section above. While specific data relating to the value of personal property e-commerce property is not available, the impact was estimated using data related to the value of qualifying enterprise zone property as compared to overall personal property valuations.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is

“To stimulate and protect economic success...throughout all regions of the state, but especially in those communities at the center of or outside major metropolitan areas for which geography may act as an economic hindrance...by providing tax incentives for employment, business, industry and commerce and by providing adequate levels of complementary assistance to community strategies for such interrelated goals as environmental protection, growth management and efficient infrastructure.” (ORS 285C.055)