

SB 176 STAFF MEASURE SUMMARY

Senate Committee On Business and Transportation

Prepared By: Patrick Brennan, LPRO Analyst

Sub-Referral To: Joint Committee On Tax Credits

Meeting Dates: 3/8

WHAT THE MEASURE DOES:

Extends the sunset for the tax credit for reservation enterprise zones until January 1, 2024.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Enterprise zones exempt businesses from local property taxes on new investments for a specified amount of time. A zone is typically sponsored by a city, port, county or tribal government, and the local government is responsible for its creation, management and renewal. There are currently 69 enterprise zones throughout the state, 54 rural and 15 urban.

Each of the state's nine federally-recognized Indian Tribes can have a single reservation enterprise zone, which can encompass up to 12 square miles of tribal lands. The tribal governing body creates the zone by resolution and submits documentation to the Oregon Business Development Department . Once created, the zone terminates after 10 years, but is eligible for re-designation. Eligible land includes land on the tribe's reservation, land held in trust by the federal government for the benefit of the tribe, or land pending trust status.

Once a reservation enterprise zone is created, the facility is exempt from local property tax for three to five years; and eligible for a special tax credit against state income tax liability.

Tribes may also enter into intergovernmental agreements with cities, ports or counties to create or co-sponsor reservation partnership zones anywhere in Oregon.