

AOC TESTIMONY IN SUPPORT OF SB 936
SENATE COMMITTEE ON BUSINESS AND TRANSPORTATION
Monday, March 27, 2017

I am Doris Penwell with Association of Oregon Counties, here today in support of **SB 936, and the proposed -1 amendment.**

The AOC requested the original proposal, through Senator Betsy Johnson, because of several years of experience with the siting of some substantial investments in rural areas of the state.

As you know, the original Strategic Investment Program was developed years ago during a period when the State needed to entice Intel to site and grow their facilities in Oregon. Oregon has benefitted greatly from those investments, and, without this kind of program, the company could easily have sited elsewhere.

After several years of success with the program, the legislature determined that a rural element should be added to the program, for certain kinds of investments. Lower rural thresholds were established as follows:

- capping total property tax required on the real and personal property investment at **\$25 million with a 3% increase per year** (compared to \$100 million for urban projects); and
- capping the community service fee at **\$500,000** per year (\$2 million for urban).

It is important to note that in either the rural or urban programs, other provisions are also negotiated between the counties (and cities where appropriate) and the developer. And the increase in taxes paid on investments have made a substantial difference to rural prosperity of a number of counties.

We have experience now that shows the levels of rural investments have surpassed anything that was initially expected, and counties began to believe that when the investments reached \$500 million and beyond, that it might be more prudent to establish a limited sliding scale for property taxes paid, up to the level that has been reached for the urban program. (The original SB 936 proposed a scheme to increase the thresholds of taxable assessed value for all Oregon investments, but after analysis we realized that our interest was not change of the urban program, but the rural for this section of the bill.)

SB 936-1

The -1 Amendment limits **Section 1** changes of the bill to increasing only levels of **rural** investments, replacing levels proposed in the original bill, (lines 14 through 22):

- Investments up to \$500 million would be subject to the present \$25 million cap;
- Investments above \$500 million to \$1 billion, would be subject to a \$50 million cap; and
- Investments above \$1 billion would be subject to a \$100 million cap, reaching the level of the urban program.

Section 2 of the -1 amendment is included to make effective all changes after July 1, 2017, for SIP projects approved by Oregon Business Development Commission. Hopefully we will not catch any project being negotiated now at the lower levels.

SB 936

We continue to support Section 3 in SB 936: increasing the level of a community service fee for all rural and urban projects to \$2.5 million, which should help compensate for direct impacts for community expenses of the still-large project investments, urban or rural.

AOC encourages your support of this SB 936 and the 1- amendments.

PLEASE NOTE: The -2 amendment, proposed by Mr. Tresidder for his client, was intended to insure that a recent rural project for Gilliam County, approved by the Oregon Business Development Commission in January, is still subject to the terms of the statute today. Legislative Counsel should determine if the -2 amendment (or our Section 2 of the -1 amendment) is correct for certainty.