HB 2904 STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Kyle Easton, Economist
Meeting Dates: 4/5

WHAT THE MEASURE DOES:
Expands location qualification criteria for determining locations where a business firm may qualify for a long term enterprise zone tax incentive to include areas outside all metropolitan statistical areas, as defined by the most recent federal decennial census.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:
No amendment.

BACKGROUND:
The long-term rural enterprise zone program offers a property tax abatement of seven to fifteen years for qualified firms and facilities. An associated income tax credit equal to 62.5 percent of the taxpayer's gross payroll costs at the facility is also available if approved by the Governor. Any type of business activity is eligible for the long term rural enterprise zone (LTREZ), but incentives depend on local approval and minimum levels for investment size, job creation and employee compensation. To qualify for exemption, current law requires facilities to be located in counties with any one of the following: chronic low income, chronic unemployment or negative net migration. House bill 2904 would add a fourth criterion to the list, county outside all metropolitan statistical areas.

Referencing Business Oregon and Census reports, there are three counties currently not meeting existing LTREZ criteria that would become eligible under changes contained in house bill 2904: Clatsop, Gilliam, Hood River and Tillamook Counties. Potentially affected counties include those that may currently qualify as a LTREZ location county that in the future will not qualify due to changes in income, unemployment or migration patterns of the county.

PRELIMINARY