

SB 936 STAFF MEASURE SUMMARY

Senate Committee On Business and Transportation

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Sub-Referral To: Senate Committee On Finance and Revenue

Meeting Dates: 3/27, 4/17

WHAT THE MEASURE DOES:

Sets incremental increases in the taxable portion of value of eligible project property under the Strategic Investment Program and eliminates the difference in taxation of projects in urban and rural areas. . Increases the cap on the community service fee from \$2 million to \$2.5 million and eliminates the \$500,000 cap for projects in rural areas. Takes effect on 91st day following adjournment sine die.

NOTE: MEASURE HAS SUBSEQUENT REFERRAL TO SENATE FINANCE AND REVENUE

ISSUES DISCUSSED:

- Strategic Investment Program development over time
- Typical project size in urban and rural areas
- Effect of proposed amendments
- Impact of measure on state General Fund

EFFECT OF AMENDMENT:

[-1 amendment] Modifies the taxable portions of real market value of eligible projects: \$100 million for projects in non-rural areas; or, in rural areas, \$25 million for project with total cost up to \$500 million, \$50 million for project with total cost up to \$1 billion, or \$100 million for project with total cost exceeding \$1 billion.

FISCAL:

REVENUE: Revenue ("lite") statement issued

BACKGROUND:

The Strategic Investment Program (SIP) offers a 15-year property tax exemption on a portion of large capital investments that serve a traded sector industry, meaning that the member firm sells its goods and services in markets with national or international competition. The program is administered by the Oregon Business Development Department (OBDD). To qualify, the cost of the project must exceed the taxable portion; typically, qualifying projects in urban areas exceed \$100 million, while in rural areas they are typically over \$25 million.

Projects can be approved ad hoc by the county through a public hearing process and negotiation with the business and city, if applicable, or can be part of a designated Strategic Investment Zone (SIZ), formed by a county/city through a request to OBDD. There are currently (as of February 2016) three SIZ in Oregon; two in Clackamas County (one rural and one non-rural) and one inside the City of Gresham.