



**Before the Senate Committee on Finance and Revenue
May 25, 2017, Public Hearing for House Bill 2833**

Chair Hass and members of the committee, Business Oregon is here today to thank you for taking up HB 2833 and to urge your favorable consideration for cleaning up several technical issues as the bill intends, in terms of exemptions from property taxes in the 69 current enterprise zones. These issues inherently defy generalization or summation, so please find the accompanying table that explains the proposed changes line-by-line in the bill.

Early in January of this year, the agency met with the Legislative Revenue Office, and pursuant to analysis by LRO staff to ensure that the bill would make only technical corrections and have no revenue impact, it was introduced by the House Revenue Committee (LC 4031). As such, HB 2833 is meant to clarify and affirm original legislative intent.

Technical clean-up bills like this for enterprise zones were enacted with general sessions throughout the 1990's. Since 2003 – when these sorts of matters were last addressed – a number of technical flaws have accumulated in the current statutes for enterprise zone property tax abatements as identified in court cases or through observations in practice. A certain amount of finesse and luck have helped to prevent these matters from becoming actual problems.

HB 2833 is particularly concerned with fixing troubled language in ORS 285C.203 for the deferral of the standard (short-term) exemption when employment criteria are not met during recessionary times under very limited circumstances, according to language in HB 3043 (2011), which was sponsored by Rep. Olson, who was also the chief sponsor behind the original legislative language (chapter 39, Oregon Laws 2010). Rep. Olson's office has been apprised of the bill.

Enterprise zone exemptions are a critical local–state tool for business retention, expansion & recruitment, responsible for thousands of jobs throughout Oregon. In both rural and urban settings, the zones are associated with local areas exhibiting economic hardship, as confirmed with re-/designation by the local governments every 10 to 11 years. The entire enterprise zone system will also be subject to reauthorization in the 2023 session.

The limited-duration exemptions on business property in the enterprise zones depend on efforts by diverse entities across the state, so that along with the legalities of tax law, statutory exactness can be crucial for qualified business projects to enjoy the proffered incentive ... no more, no less.

One of the hallmarks or strengths of these programs in encouraging new business investments and hiring is the certainty they offer, and that they are relatively straightforward from the perspective of the business user. HB 2833 would seek to avoid unintended consequences or legal snags that business firms or tax administrators could encounter due to difficulties in interpreting the law, shoring up the consistency of information and day-to-day administration within the enterprise zone programs.