

HB 3146 A -A5, -A6, -A8 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 5/22, 6/7

WHAT THE MEASURE DOES:

Reduces wage compensation minimum threshold requirements for workers hired by businesses benefiting from certain economic development programs located in counties outside all metropolitan statistical areas. Affected economic development programs are: Enterprise Zone, Oregon Investment Advantage, Oregon Business Retention and Expansion, and Oregon Industrial Site Readiness. Changes to compensation requirements are generally structured to affect exemption applications filed on or after effective date of act. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- By adding new criterion of being outside an MSA, for those counties outside of MSAs, effectively eliminates need to meet any one of the existing three requirements: chronic low income, chronic unemployment or negative net migration
- Potential of temporary workers skewing county data causing countywide per capita personal income figures to increase
- Use of average as opposed to median
- Impact that labor from areas outside of the local rural area can have upon compensation measurements
- The 1.3% property tax requirement contained in amendment
- Origination of the 150% wage requirement
- How HB 2904 and HB 3146 are related
- Definitions in measures differ, reasoning for this, expectation of aligning definition in later amendments.

EFFECT OF AMENDMENT:

-A5 Not intended to reflect policy change, rather, change reflects necessary drafting language changes.

-A6 Makes changes to engrossed version language pertaining to enterprise zones, other economic development program language left unchanged.

Reduces wage compensation minimum threshold requirements for workers hired by businesses benefiting from property tax standard or long term rural enterprise zone programs that are located in rural compensation counties.

Defines rural compensation county as county that is outside all metropolitan statistical areas as defined by most recent federal decennial census and in which, on most recently certified property assessment roll, the total property taxes imposed by all taxing districts within county are equal to or greater than 1.3% of the total assessed value of all taxable property located in county.

-A8 Includes changes contained in -A5 amendment.

Includes changes contained in -A6, with term modification. Replaces term "rural compensation county" with "qualified rural county" leaving definition of term unchanged, thus aligning terminology with HB 2904 which adds same term and definition to identical statute (ORS 285C.400).

BACKGROUND:

Economic development programs often include tax abatements or tax credits to employers as an incentive to develop or expand their business operations in targeted locations. In return for the tax benefits, the employer

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typically has to guarantee that the jobs created will pay relatively high wages. Each economic development program provides a specific wage standard.

Wage Compensation Requirement Changes

Enterprise Zone: Regarding potential additional two years of exemption, if enterprise zone is located in a county outside all metropolitan statistical areas (MSAs) then minimum average rate of compensation requirement is reduced from 150% of county average annual wage to 130%.

Long Term Rural Enterprise Zone: If facility is located in a county that is outside all MSAs, average annual compensation requirement reduced from 150% of county average annual wage to 130%.

Oregon Investment Advantage: If facility is to be located in a county that is outside all MSAs, average annual compensation requirement reduced from 150% of the county per capita personal income of the county to 130 percent of the county per capita personal income of the county.

Oregon Business Retention and Expansion Program: If employees are to be hired in a county outside all MSAs, average annual per employee compensation requirement reduced from at least 150 percent of the, lesser of, county or state average in annual per employee compensation, to 130%.

Oregon Industrial Site Readiness: If employees have been hired in county outside all MSAs, reduces compensation requirement of 150 percent of the county or state average wage, to 130 percent.