

**HB 2904 STAFF MEASURE SUMMARY**

**House Committee On Economic Development and Trade**

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**Action Date:** 03/20/17

**Action:** Do pass and be referred to Revenue by prior reference

**Vote:** 9-0-0-0

**Yeas:** 9 - Clem, Gomberg, Helm, Lewis, Lininger, Marsh, Post, Reschke, Smith DB

**Fiscal:** No fiscal impact

**Revenue:** Revenue impact issued

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**WHAT THE MEASURE DOES:**

Allows an alternate eligibility certification method for rural enterprise zone facilities in counties outside of all metropolitan statistical areas. Takes effect on the 91st day after sine die.

**ISSUES DISCUSSED:**

- Organizations that utilize the long-term rural enterprise zone programs
- Morrow County workforce housing efforts
- The long-term nature of the property tax abatement

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

The long-term rural enterprise zone program offers a property tax abatement of 7 to 15 years for facilities, rather than the standard property tax abatements of three to five years. Any type of business activity is eligible, but these incentives depend on local approval and minimum levels for investment size, job creation and employee compensation. Under current law, one of the things necessary for certification is that the facility is located in an area with chronically low income or chronic unemployment. As Oregon comes out of the Great Recession with a strong labor market and rising wages, some rural areas may soon no longer qualify for this tax abatement program.

House Bill 2904 would provide an additional pathway for long-term rural enterprise facility tax abatement to allow local approval for rural enterprise zone facilities in counties outside of all metropolitan statistical areas.