# HB 3011 STAFF MEASURE SUMMARY

## House Committee On Revenue

**Prepared By:** Beau Olen, Economist
**Meeting Dates:** 4/4

**WHAT THE MEASURE DOES:**
Requires greater transparency and coordination when a local government enters into an agreement for property tax exemption with a business firm. Provides certain limits on length of exemption periods and value of tax savings. Takes effect on 91st day following adjournment sine die.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

Oregon Enterprise Zones incentivize new business investment by exempting some or all local property tax for several years. An enterprise zone is sponsored by city, port, county, or tribal governments. The local governments are responsible for creating and managing most of these zones until the sunset on June 30, 2025. Currently, Oregon has 76 enterprise zones, of which 58 are rural and 18 are urban. The zones are spread throughout the state, in 35 of 36 counties, and are sponsored by 124 cities, 15 ports, 30 counties, and 2 Indian tribes. In addition, 19 cities, 7 ports and 3 other counties currently consent to zones within their territory that are sponsored by other jurisdictions. All enterprise zones terminate after 10-11 years. A business receiving an enterprise zone property tax exemption when the zone terminates may continue to receive the exemption for the number of years for which it qualified.

The Strategic Investment Program (SIP) offers a 15-year property tax exemption on a portion of large capital investments for projects developed by "traded sector" businesses, which are "industries in which member firms sell their goods or services into markets for which national or international competition exists." A project's cost must be at least $25 million in a rural area or $100 million otherwise. A "rural area" is an area located entirely outside the Urban Growth Boundary of a city with a population of 40,000 or more at the time of the SIP application, or in a Rural Strategic Investment Zone (SIZ) designated before October 5, 2015.