

HB 2199 STAFF MEASURE SUMMARY

House Committee On Economic Development and Small Business

Action Date: 03/16/23

Action: Do pass. Refer to Revenue.

Vote: 11-0-0-0

Yeas: 11 - Bynum, Diehl, Elmer, Javadi, Lively, Morgan, Nguyen D, Osborne, Pham H, Ruiz, Walters

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

Prepared By: Andrew Hendrie, LPRO Analyst

Meeting Dates: 2/28, 3/7, 3/16

WHAT THE MEASURE DOES:

Extends sunset date of enterprise zone program.

ISSUES DISCUSSED:

- Impact of enterprise zones in small communities
- Number of jobs linked to enterprise zones
- Made communities more competitive for business relocation

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Oregon's enterprise zones are economic tools that incentivize new business investments by abating all local property tax for a certain number of years. An enterprise zone is sponsored by city, port, county, or tribal governments and it is the local government who is responsible for creating, amending, managing, and renewing most of these zones until June 30, 2025. Currently, Oregon has 76 enterprise zones, 58 rural and 18 urban zones.

There are four different types of enterprises zone programs available in Oregon:

Standard Enterprise Zone program: eligible businesses that locate or expand into an enterprise zone may receive a tax abatement from local property taxes for a three-to-five-year period.

Long-Term Rural Enterprise Zone Facilities program: available in most rural enterprise zones, the program offers a property tax abatement of up to 15 years.

Tribal Enterprise Zone program: each of the nine federally recognized Indian tribes in Oregon can have a single "reservation enterprise zone" designated to encompass up to 12 square miles of its tribal lands throughout the state.

Electronic Commerce Zone program: businesses engaged in e-commerce are eligible to receive the standard property tax abatement.

The enterprise zone programs sunset June 25, 2025. House Bill 2199 extends Oregon's Enterprise Zone program to June 30, 2035, except the reservation enterprise zone or partnership which can exist after June 30, 2025.