

HB 4042 B STAFF MEASURE SUMMARY

House Committee On Revenue

Action Date: 02/28/24

Action: Do pass with amendments and be referred to Ways and Means by prior reference.
(Printed B-Eng.)

Vote: 6-0-1-0

Yeas: 6 - Levy B, Marsh, Nathanson, Reschke, Smith G, Walters

Exc: 1 - Nguyen D

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

Prepared By: Jonathan Hart, Economist

Meeting Dates: 2/21, 2/27, 2/28

WHAT THE MEASURE DOES:

Establishes the Industrial Site Loan Fund (ISLF) and appropriates \$40,000,000 to the fund from the General Fund. Authorizes the Oregon Business Development Department (OBDD) to provide financial assistance, including forgivable loans, from the ISLF to a project sponsor for an industrial land development project or a planning project in accordance with specified criteria. Extends the sunset on the Oregon Industrial Site Readiness Program from July 1, 2023 to December 31, 2029. Allows businesses engaged in semiconductor-related development activities to benefit from electronic commerce zone property tax exemption. Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Preparing industrial land to be used by business
- Small communities' use of the Oregon Industrial Site Readiness Program
- The importance of the Oregon Industrial Site Readiness Program to the state generally
- Use of Regionally Significant Industrial Sites (RSIS) program
- Costs of program and availability of information
- E-Commerce Enterprise Zones, and North Plains as only E-Commerce City
- RSIS and E-Commerce policy overlap with SB 1529

EFFECT OF AMENDMENT:

Changes extension date of Industrial Site Readiness Program to December 31, 2029.

BACKGROUND:

The Oregon Industrial Site Readiness Program (Program) was established in 2013 and modified by SB333 in 2017 Session, to provide financial assistance to qualified project sponsors through tax reimbursement arrangements and loans, including forgivable loans. However, the Program Loan Fund has not been capitalized to date and the Oregon Business Development Department (OBDD) has not provided loans to qualified project sponsors. Twelve Regionally Significant Industrial Sites have been designated and approved. OBDD reports that project sites represent 6,250 acres of industrial land that are expected to generate over 34,000 jobs. OBDD can enter into agreements with qualified project sponsors to reimburse eligible costs from up to 50% of the income taxes associated with reported employment increases within the zones. Reimbursements from the incremental income tax provision are currently capped at \$10 million annually. House Bill 4042 B removes loan amounts from the \$10 million annual limit.

House Bill 4042 B adds semiconductor-related development activities in a designated e-commerce city to property that may qualify for a property tax exemption from three to five years under the E-Commerce provisions of the

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Enterprise Zone exemption. North Plains is the only designated e-commerce city, though there are 14 other e-commerce zones reported by OBDD.