



Legislative Fiscal Office
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Bill Title: Relating to economic development; prescribing an effective date.

Government Unit(s) Affected: Oregon Business Development Department, Department of Revenue, Department of Administrative Services, Department of Agriculture, Department of Consumer and Business Services, Department of Energy, Department of Environmental Quality, Department of Fish and Wildlife, Department of Geology and Mineral Industries, Department of Land Conservation and Development, Department of State Lands, Department of Transportation, Employment Department, Judicial Department, Office of the Governor, Parks and Recreation Department, Water Resources Department, Housing and Community Services Department, Department of Justice, Cities, Counties, Metro

Summary of Fiscal Impact:

2025-27 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Oregon Business Development Department		\$ 804,565	\$ -	\$ -	\$ 804,565	9	2.00
Total Fiscal Impact	\$ -	\$ 804,565	\$ -	\$ -	\$ 804,565	9	2.00

2027-29 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Oregon Business Development Department	\$ -	\$ 1,253,364	\$ -	\$ -	\$ 1,253,364	9	4.00
Total Fiscal Impact	\$ -	\$ 1,253,364	\$ -	\$ -	\$ 1,253,364	9	4.00

- There is an indeterminate fiscal impact for counties.

Measure Description

The measure amends SB 1507 (2026), if it becomes law, to limit the tax credit for job creation to certain specified qualified industries. To qualify for the tax credit, a taxpayer must receive an attestation-based certification from the Oregon Business Development Department (OBDD). The measure directs OBDD to develop the tax credit application process, establish job creation methodology, and further define the term “qualified industry” through rulemaking.

The measure establishes the 13-member Joint Permitting Council to administer a fast track permitting program that allows eligible projects to obtain expedited regulatory approval from state agencies. The council consists of one representative from 11 state agencies and two economic development representatives, all of whom are appointed by the Governor to four-year terms. Council members are not entitled to compensation or reimbursement of expenses. The council is required to establish eligibility criteria for the fast track permitting program, including the capital investment required for eligible projects; and review project applications and forward the applications to the Regional Solutions Program to review the projects for consistency with regional economic development priorities. The Regional Solutions Program is to report to the Governor on whether to advance the project, and the Governor is to review each application and determine whether to approve the

application. The council is to submit an annual report to the Governor and the Department of Administrative Services (DAS) that describes the status of each project administered in the previous year.

The measure requires eight specific state agencies to publish a catalog of permits issued by the agency that are related to or have an impact on economic development projects. The measure also requires these agencies to submit a report to the Governor on the performance and operations of their permitting programs.

The measure modifies the requirements for an area to be designated an enterprise zone. OBDD is to determine that a local area demonstrates a need for economic development, based on evidence provided by cities, counties, or ports. The measure amends the definition of eligible businesses under the Enterprise Zone Program to broaden eligibility. Upon written request from an enterprise zone sponsor, OBDD may approve a waiver or authorize a pilot program allowing a business firm to qualify as an eligible business firm. OBDD is to establish approval criteria for waivers or pilot programs through rulemaking.

The measure extends the exemption period for qualified equipment under the Enterprise Zone Program by two additional tax years, or for a period of no more than 10 years if requested by the sponsoring jurisdiction and the project involves substantial capital investment, regional economic impact, or alignment with local development goals, per OBDD rules.

An enterprise zone sponsor may enter into a written agreement with an eligible business firm to extend the period during which the qualified property is exempt from taxation beyond three years; agree to flexible hiring timelines; and approve alternative performance criteria. However, these provisions do not apply to qualified property used in operating a data center. The measure also prohibits the authorization of an eligible business firm with property consisting of a data center project prior to 90 days after the adjournment of the 2027 regular session.

Fiscal Analysis

Oregon Business Development Department

The fiscal impact for OBDD is estimated to be \$804,565 Lottery Funds and nine positions (2.00 FTE) in the 2025-27 biennium, and \$1.3 million Lottery Funds and nine positions (4.00 FTE) in the 2027-29 biennium.

The measure requires OBDD to issue attestation-based certifications of eligibility to taxpayers within certain qualified industries that created new jobs above a certain wage threshold during the tax year. OBDD estimates the department will receive approximately 5,000 certification requests per year. To administer this program, OBDD would hire nine positions (totaling 2.00 FTE in the 2025-27 biennium and 4.00 FTE in the 2027-29 biennium), including:

- One permanent, full-time Grants Loans and Programs Manager 2 to oversee program implementation and administration.
- One permanent, part-time Human Resource Analyst 2 to manage hiring, onboarding, and employee support for the full-time and seasonal staff.
- One permanent, full-time Program Analyst 2 to support program design and implementation, answer taxpayer questions, resolve discrepancies in certification applications, and assist with certification review and issuance.
- Six permanent, part-time seasonal Program Analyst 2 positions to review certification applications for completeness and resolve minor discrepancies during the certification process.

The estimated cost of these positions, including position-related services and supplies, is \$679,565 Lottery Funds in the 2025-27 biennium and \$1.3 million Lottery Funds in the 2027-29 biennium. In the 2025-27 biennium, OBDD will have one-time costs of \$100,000 Lottery Funds for information technology programming for the new Economic Development Management System, and \$25,000 Lottery Funds for legal review of rulemaking,

certification applications, and other program materials.

The estimated cost for OBDD to administer the tax credit under this measure represents a decrease from the agency's fiscal impact for SB 1507, due to a reduction in estimated annual certification applications. A total of \$1.3 million Lottery Funds expenditure limitation and 16 positions (3.50 FTE) have already been included in the omnibus budget reconciliation bill for administration of SB 1507. Should this measure become law, the Lottery Funds (\$504,456) and position authority (seven positions, 1.50 FTE) that are no longer needed to administer the program would be removed in the 2027 regular session.

OBDD's participation in the Joint Permitting Council can be managed with existing department resources. The administrative changes to the Enterprise Zone Program do not create new work for the department and therefore can be absorbed with existing department resources.

Counties

There is an indeterminate fiscal impact for counties. The Enterprise Zone Program provides property tax abatements for three to five years on new capital investments for eligible businesses locating or expanding in designated areas. Under the program, the county assessor is responsible for reviewing applications, confirming eligibility, and managing the property tax exemption. Small counties that do not currently have an enterprise zone or enterprise zone agreements may not have any costs associated with this measure, unless cities or ports within the county have their own enterprise zone. By expanding the eligibility criteria and the exemption period for qualified equipment, the number of businesses participating in the Enterprise Zone Program is expected to increase, especially in more populous counties. Depending on the number of newly eligible participating business firms, the measure may increase the administrative costs of county assessors.

Other entities

There is a minimal fiscal impact for DAS, Oregon Department of Agriculture, Department of Consumer and Business Services, Oregon Department of Energy, Department of Environmental Quality, Oregon Department of Fish and Wildlife, Department of Geology and Mineral Industries, Department of Land Conservation and Development, Department of State Lands, Oregon Department of Transportation, Oregon Employment Department, Oregon Judicial Department, Water Resources Department, Office of the Governor, Housing and Community Services Department, Oregon Parks and Recreation Department, Department of Revenue, Department of Justice, and cities.

There is no fiscal impact for Metro.

Relevant Dates

The measure takes effect on the 91st day after sine die.

The Governor is to appoint members to the Joint Permitting Council by July 1, 2026, and the Joint Permitting Council is to establish eligibility criteria by October 1, 2026.

Within 120 days of the effective date, the agencies specified in Section 5 of the measure are directed to publish the catalog of permits issued by each individual agency and report to the Governor. This reporting requirement sunsets on January 2, 2027.

The measure prohibits the authorization of an eligible business firm with property consisting of a data center project prior to 90 days after sine die of the 2027 regular session.

Section 11b of the measure sunsets on January 2, 2029.