e	n New Markets Development	e			
GOVERNMENT UNIT AFFECTED: Economic Community Development Department, Department					
of Revenue and Department of Justice					
PREPARED BY:	John Terpening				
REVIEWED BY:	Steve Bender, Laurie Byerl	y and Doug Wilson			
DATE: June 5, 2009					

	2009-2011		2011-2013
EXPENDITURES:			
Personal Services – OECDD (LF)	\$	145,517	166,304
Services and Supplies – OECDD (LF)	\$	10,063	11,500
Attorney General – OECDD (LF)	\$	30,000	10,000
Total Expenditures	\$	185,580	187,804
REVENUES: See Analysis			
POSITIONS / FTE: Program Analyst 4		1/0.88	1/1.00

EFFECTIVE DATE: 91st day after sine die

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: SB 878 creates the Oregon New Markets Development Program which provides tax credits for qualified equity investments to qualified active low-income community businesses. The measure requires that qualified investments must be certified by the Economic and Community Development Department (OECDD) and report annually to OECDD. The measure directs OECDD to establish rules for application procedures for certification and specifies the information required on the application forms. A non-refundable application fee of \$5,000 is established. The measure directs the Department to grant or deny applications within 15 days of receipt of form and fee. The measure includes a cap on the total amount of tax credits the Department can certify in any tax year at \$78 million and requires that any qualified community development entity that is certifications for businesses that meet certain criteria for improving the environment or reducing greenhouse gas emissions. The measure allows the Department of Revenue (DOR) to recapture any portion of the tax credit if certain provisions are met.

OECDD does not currently administer or certify any tax credit programs. The Department states that a full-time Program Analyst position, including standard services and supplies, is required to administer, review, and certify the Oregon New Markets Development Program tax credits for a total cost of \$155,580. Additionally, the Department estimates \$30,000 in Attorney General fees payable to the Department of Justice for rule making required by the measure. The amount of revenue generated from application and evaluation fees would be available to cover program costs, but the amount is

indeterminate because the number of potential applicants is indeterminate. The Department would need a Lottery Funds allocation to start up the program and to cover any costs that exceed the fee revenue.

The Department of Revenue states there is no fiscal impact to the Department.

The Legislative Fiscal Office (LFO) notes that the Department of Justice may need to return to the Emergency Board if limitation within the agency's 2009-11 legislatively adopted budget is not sufficient for costs associated with this measure.