Senate Bill 904

Sponsored by COMMITTEE ON BUSINESS, TRANSPORTATION AND ECONOMIC DEVELOPMENT

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced.**

Directs Oregon Business Development Department to establish program to allow rural airport in State of Oregon, with approval of all cities, counties and other local property taxing jurisdictions within which district exists, and to create airport tax increment financing district in which up to 50 percent of incremental tax revenues generated by commercial and industrial development or expansion can be used to pay for airport-related infrastructure and services for period of up to 25 years.

A BILL FOR AN ACT

2 Relating to tax increment financing at rural airports; creating new provisions; and amending ORS

3   836.640.

4 **Be It Enacted by the People of the State of Oregon:**

5   **SECTION 1.** **(1) Sections 2 to 6 of this 2011 Act are added to and made a part of ORS**

6 **chapter 836.**

7   **(2) ORS 836.640 and 836.642 are added to and made a part of sections 2 to 6 of this 2011**

8 **Act.**

9   **SECTION 2. (1) The Legislative Assembly finds that:**

10   **(a) Fostering the development of commerce and industry in Oregon is necessary to en-**

11 **sure the welfare of its citizens, the growth of the economy and adequate employment for its**

12 **citizens;**

13   **(b) Rural airports are vital transportation nodes that connect rural communities to other**

14 **parts of Oregon, to the United States and to the global economy. Rural communities in**

15 **Oregon can use airports as centers for creation of aviation-related business clusters that**

16 **create family wage jobs, increase the tax base of the community and form a self-supporting**

17 **financial mechanism for airport infrastructure improvements and operations; and**

18   **(c) Innovative use of rural airports can create economic growth by providing new prop-**

19 **erty tax revenues to support airport-related infrastructure and services on land at or adja-**

20 **cent to rural airports in airport tax increment financing districts, including through the**

21 **fence operations.**

22   **(2) The Oregon Business Development Department, with approval of the Oregon Business**

23 **Development Commission, shall establish a program to allow a rural airport to create an**

24 **airport tax increment financing district.**

25   **(3) The department shall design the program to promote local economic development by**

26 **creating family wage jobs, increasing the local tax base and increasing financial support for**

27 **rural airports.**

28   **(4) With approval of the commission and all cities, counties and other local property**

29 **taxing jurisdictions whose taxable lands would be included in the airport tax increment fi-**

1 nancing district, the department may create an airport tax increment financing district

2 around a rural airport.

3 (5) Land included within an airport tax increment financing district must:

4 (a) Be zoned to allow aviation-related uses to occur on the land and be located within a

5 one-mile radius of the center of the airport.

6 (b) For the Aurora State Airport, be within the airport boundary as the boundary exists

7 on January 1, 2011, and be within:

8 (A) Parcel 100 of the northeast quarter of section 2 of township 4 south, range 1 west

9 of the Willamette Meridian.

10 (B) Parcel 100 of section 11A of township 4 south, range 1 west of the Willamette

11 Meridian.

12 (C) Parcel 400 of section 12B of township 43 south, range 1 west of the Willamette

13 Meridian.

14 (6) An airport utilizing an airport tax exemption under ORS 307.120 shall voluntarily

15 terminate the exemption as a condition of approval of the creation of an airport tax incre-

16 ment financing district.

17 (7) An airport sponsor for a rural airport that creates an airport tax increment financing

18 district must keep the airport available for public use for a minimum period of 20 years,

19 consistent with procedures adopted by the Federal Aviation Administration (14 C.F.R. 151.25).

20 SECTION 3. (1) The Oregon Business Development Department, with the approval of the

21 Oregon Business Development Commission, may enter into agreements providing for a par-

22 tial rebate of new property tax revenues to the airport sponsor that operates and maintains

23 the airport within the airport tax increment financing district.

24 (2) The agreement may provide for a partial rebate to the airport sponsor for use to pay

25 for airport-related infrastructure and services described in a tax increment financing plan

26 prepared by the airport sponsor.

27 (3) Partial rebates may not exceed 50 percent of the increases in property tax revenues

28 in a calendar year for property in public ownership or for new construction or renovation

29 on through-the-fence properties in private ownership, for a period of up to 25 years.

30 SECTION 4. (1) The Oregon Business Development Department, with the approval of the

31 Oregon Business Development Commission, shall set standards by which an airport sponsor

32 may qualify to receive a partial rebate of new property tax revenues generated within an

33 airport tax increment financing district, subject to the following:

34 (a) The airport sponsor shall create an airport development plan that shows improvement

35 needs to be considered for funding.

36 (b) After the department verifies the new property tax revenues upon which the partial

37 rebate is based, the cities, counties and other local property taxing jurisdictions with taxable

38 property within the airport tax increment financing district shall pay a partial rebate based

39 on projects that are:

40 (A) Within the airport tax increment financing district; or

41 (B) In a road or a utility easement that serves land within the airport tax increment fi-

42 nancing district.

43 (c) An airport sponsor may use partial rebates only to pay for:

44 (A) Airport-related infrastructure projects and services on public use airport property,

45 within public rights of way or within public easements for roads, taxiways, stormwater,

1 sewer, water, power, communications or other utilities that directly serve the lands within

2 an airport tax increment financing district and that are:

3   (i) Described in the tax increment financing plan; or

4   (ii) Included in the approved airport layout plan.

5   (B) Airport management projects, including maintenance, planning, design, noise abate-

6 ment, land use planning and other essential airport operations efforts.

7   (d) The airport sponsor shall pay:

8   (A) 2.5 percent of all partial rebates to the Oregon Department of Aviation to support

9 rural aviation planning that serves rural airports throughout Oregon.

10   (B) 2.5 percent of all partial rebates to the Oregon Business Development Department

11 to support economic development aviation cluster planning that serves rural airports

12 throughout Oregon.

13   (2) The airport sponsor of each airport within an airport tax increment financing district

14 shall establish an airport public-private partnership committee to review proposed uses of

15 moneys received as a partial rebate. The committee must consist of four individuals or a

16 multiple of four individuals appointed by the airport sponsor to serve four-year terms as

17 follows:

18   (a) One-fourth of the members must own an aircraft in the airport tax increment fi-

19 nancing district.

20   (b) One-fourth of the members must own a business in the airport tax increment fi-

21 nancing district.

22   (c) One-fourth of the members must represent the airport management agency that op-

23 erates the airport.

24   (d) One-fourth of the members must represent cities or counties with taxable property

25 within the airport tax increment financing district.

26   (3) The airport public-private partnership committee shall make a recommendation to the

27 airport sponsor relating to the expenditure of moneys received by the airport sponsor as a

28 partial rebate for qualifying airport-related infrastructure projects or services described in

29 subsection (1)(c) of this section. The recommendation:

30   (a) Must be unanimous, for the expenditure of moneys for qualifying airport-related

31 infrastructure projects or services outside the airport boundary.

32   (b) Is advisory only, for airport-related infrastructure projects or services within the

33 airport boundary.

34   SECTION 5. (1) The Oregon Business Development Department, with approval of the

35 Oregon Business Development Commission, shall establish procedures for the payment of

36 partial rebates by cities, counties and other local property taxing jurisdictions to the airport

37 sponsor.

38   (2) Within 90 days after the end of each calendar year, an airport sponsor that has en-

39 tered into an agreement with the department under sections 2 to 6 of this 2011 Act shall

40 provide the department and each city, county and other local property taxing jurisdiction

41 with taxable property within the airport tax increment financing district that approved es-

42 tablishment of the district with documentation of the new property tax revenues the sponsor

43 believes have been generated within the district during the past calendar year.

44   (3) The department shall:

45   (a) Audit or review the documentation;

1 **(b) Make a determination of the amount of partial rebates earned under the agreement;**
2 **and**

3 **(c) Forward a commission-approved request for payment of that amount to each city,**
4 **county and other local property taxing jurisdiction with taxable property within the airport**
5 **tax increment financing district that approved establishment of the district, together with**
6 **information regarding the name and address of the payee airport sponsor and any other in-**
7 **formation reasonably requested by the city, county or other local property taxing jurisdic-**
8 **tion.**

9 **(4) Each city, county and other local property taxing jurisdiction with taxable property**
10 **within the airport tax increment financing district that approved establishment of the dis-**
11 **trict shall pay the partial rebate within 90 days after receipt of the information required by**
12 **subsections (2) and (3) of this section.**

13 **SECTION 6. The Oregon Business Development Department, with approval of the Oregon**
14 **Business Development Commission, by rule may adopt:**

15 **(1) Requirements for the structure and amount of partial rebates offered under sections**
16 **2 to 6 of this 2011 Act.**

17 **(2) Other provisions for the administration of the program described in sections 2 to 6**
18 **of this 2011 Act, including additional terms and conditions of an agreement entered into un-**
19 **der sections 2 to 6 of this 2011 Act.**

20 **SECTION 7.** ORS 836.640 is amended to read:

21 836.640. As used in [*this section and ORS 836.642*] **sections 2 to 6 of this 2011 Act**:

22 **(1) "Airpark" means a residential development that allows aircraft to taxi directly from**
23 **the property to an airport runway.**

24 [*(1)*] **(2)** "Airport boundary" includes the combined public and private properties that are per-
25 mitted to have direct access to the airport runway by aircraft.

26 **(3) "Airport sponsor" means the city, county, port, state agency or private entity that**
27 **is qualified to receive funds from the Federal Aviation Administration or the Oregon De-**
28 **partment of Aviation for use by the airport.**

29 [*(2)*] **(4)** "Customary and usual aviation-related activity" includes activities described in ORS
30 836.616 (2) and includes activities that a local government may authorize pursuant to ORS 836.616
31 (3).

32 **(5) "New property tax revenues" means:**

33 **(a) With respect to property outside the airport boundary, incremental new property tax**
34 **revenues that are generated as a result of commercial and industrial development or ex-**
35 **pansion in an airport tax increment financing district.**

36 **(b) With respect to property inside the airport boundary, property taxes collected based**
37 **on the increase in value of commercial, industrial and residential airpark property on and**
38 **after the date the airport tax increment financing district is established.**

39 **(6) "Partial rebates" means the portion of the new property tax revenues paid to the**
40 **airport sponsor for an airport within an airport tax increment financing district.**

41 [*(3)*] **(7)** "Pilot site" means a rural airport identified to participate in the pilot program pursuant
42 to ORS 836.642.

43 [*(4) "Rural airport" means an airport described in ORS 836.610 (1) that:*]

44 [*(a) Does not have a permanent air traffic control tower; and*]

45 [*(b) Principally serves a city or metropolitan statistical area with a population of 500,000 or*]

1 *fewer.*]

2 **(8) "Rural airport" means an airport described in ORS 836.610 (1) that is not located in**

3 **a city with a population, as of January 1, 2005, of more than 75,000.**

4 [*(5)*] **(9)** "Through the fence operation" means a customary and usual aviation-related activity

5 that:

6 (a) Is conducted by a commercial or industrial user of property within an airport boundary; and

7 (b) Relies, for business purposes, on the ability to taxi aircraft directly from the property em-

8 ployed for the commercial or industrial use to an airport runway.

9 **SECTION 8.** ORS 836.640, as amended by section 7 of this 2011 Act, is amended to read:

10 836.640. As used in sections 2 to 6 of this 2011 Act:

11 [*(1) "Airpark" means a residential development that allows aircraft to taxi directly from the prop-*

12 *erty to an airport runway.*]

13 [*(2)*] **(1)** "Airport boundary" includes the combined public and private properties that are per-

14 mitted to have direct access to the airport runway by aircraft.

15 [*(3)*] **(2)** "Airport sponsor" means the city, county, port, state agency or private entity that is

16 qualified to receive funds from the Federal Aviation Administration or the Oregon Department of

17 Aviation for use by the airport.

18 [*(4)*] **(3)** "Customary and usual aviation-related activity" includes activities described in ORS

19 836.616 (2) and includes activities that a local government may authorize pursuant to ORS 836.616

20 (3).

21 [*(5) "New property tax revenues" means:*]

22 [*(a) With respect to property outside the airport boundary, incremental new property tax revenues*

23 *that are generated as a result of commercial and industrial development or expansion in an airport tax*

24 *increment financing district.*]

25 [*(b) With respect to property inside the airport boundary, property taxes collected based on the in-*

26 *crease in value of commercial, industrial and residential airpark property on and after the date the*

27 *airport tax increment financing district is established.*]

28 [*(6) "Partial rebates" means the portion of the new property tax revenues paid to the airport*

29 *sponsor for an airport within an airport tax increment financing district.*]

30 [*(7)*] **(4)** "Pilot site" means a rural airport identified to participate in the pilot program pursuant

31 to ORS 836.642.

32 [*(8)*] **(5)** "Rural airport" means an airport described in ORS 836.610 (1) that is not located in a

33 city with a population, as of January 1, 2005, of more than 75,000.

34 [*(9)*] **(6)** "Through the fence operation" means a customary and usual aviation-related activity

35 that:

36 (a) Is conducted by a commercial or industrial user of property within an airport boundary; and

37 (b) Relies, for business purposes, on the ability to taxi aircraft directly from the property em-

38 ployed for the commercial or industrial use to an airport runway.

39 **SECTION 9. The Oregon Business Development Department shall report to the appro-**

40 **priate committee of the Seventy-seventh Legislative Assembly on:**

41 **(1) The progress in attracting commercial and industrial development or expansion within**

42 **an airport tax increment financing district and the corresponding increase in new jobs cre-**

43 **ated;**

44 **(2) The period of time over which partial rebates have been committed under sections 2**

45 **to 6 of this 2011 Act; and**

1   **(3) The economic impact on the State of Oregon of new property tax revenues and partial**

2 **rebates paid from new property tax revenues under sections 2 to 6 of this 2011 Act.**

3   <u>SECTION 10.</u> **The amendments to ORS 836.640 by section 8 of this 2011 Act become op-**

4 **erative January 2, 2022.**

5   <u>SECTION 11.</u> **(1) Sections 2 to 5 of this 2011 Act are repealed January 2, 2022.**

6   **(2) Section 6 of this 2011 Act is repealed January 2, 2037.**

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