

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

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| Action: | Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Finance and Revenue by prior reference |
| Vote: | 5 - 0 - 0 |
| Yeas: | Baertschiger, Burdick, Close, Prozanski, Roblan |
| Nays: | 0 |
| Exc.: | 0 |
| Prepared By: | Racquel Rancier, Administrator |
| Meeting Dates: | 2/26, 4/11 |

WHAT THE MEASURE DOES: Authorizes designation of enterprise zones or electronic commerce (e-commerce) zones and cities, addition of zone cosponsors, and change of enterprise zone boundaries without application, subject to determination by Oregon Business Development Department (OBDD) that statutory requirements are met. Requires zone sponsor to notify and consult with OBDD at least 60 days prior to submitting notice of designation of enterprise zone, designation of e-commerce zone or city, or boundary change for final determination by OBDD. Directs OBDD to make determination in order received if more than one notice designating zone or city submitted. Lowers minimum cost requirement from \$50,000 to \$1,000 on qualified personal property used in electronic commerce within enterprise zone outside e-commerce zone. Effective on 91st day after adjournment sine die.

ISSUES DISCUSSED:

- Provision in existing law allowing integrated system of components for item of personal property
- Different state approval requirements for strategic investment program and enterprise and e-commerce zones
- Income tax credit in e-commerce zones in addition to property tax exemption for enterprise zones

EFFECT OF COMMITTEE AMENDMENT: Requires zone sponsor to notify and consult with OBDD at least 60 days prior to submitting notice of designation of enterprise zone, designation of e-commerce zone or city, or boundary change for final determination by OBDD. Directs OBDD to make determination in order received if more than one notice designating zone or city submitted.

BACKGROUND: Oregon's enterprise zones help resident businesses to reinvest and grow in communities facing economic challenges. The enterprise zone allows eligible businesses to receive total exemption from the property taxes normally assessed on a new plant and equipment for three years, or up to five years if the project meets certain criteria. E-commerce zones may be designated within an enterprise zone or a city. E-commerce is defined as engaging in commercial or retail transactions over the internet or a computer network, utilizing the internet as a platform for transacting business, or facilitating the use of the internet by other persons for business transactions. E-commerce zones, among other provisions, allow qualifying businesses to receive a credit against state income or corporate excise tax liability of 25 percent of the investment cost made in capital assets used in e-commerce operations, up to \$2 million per year.

Senate Bill 245 A transfers approval of designations, boundary modifications, or sponsor additions from OBDD to local government and requires OBDD to make positive determination that designation complies with statutes before the designation is final. In addition, it extends to enterprise zones the \$1,000 minimum cost requirement for qualified personal property used in e-commerce to qualify for exemption from property taxes, which is currently allowed only in e-commerce zones.

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This summary has not been adopted or officially endorsed by action of the committee.