

**HB 2077 STAFF MEASURE SUMMARY**

**House Committee On Economic Development and Trade**

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**Prepared By:** Sione Filimoehala

**Sub-Referral To:** Joint Committee On Tax Credits

**Meeting Dates:** 3/27, 4/3

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**WHAT THE MEASURE DOES:**

Extends the sunset of the long-term rural enterprise zone property tax exemption from June 30th of 2018 to June 30th of 2024.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

**BACKGROUND:**

Under current Oregon law, corporations that choose to make significant capital investments within areas that have been designated Rural Enterprise Zones (REZ) are eligible to receive a property tax exemption. This exemption provides between 7 to 15 years of property tax exemption provided the following set of requirements are met: (1) the construction must occur within a designated REZ with local and zone sponsor approval, and (2) the resulting industry must meet investment and employment requirements. Currently the exemption is being utilized in Crook, Douglas, Morrow, and Wasco counties. According to the recent Legislative Revenue Office *Tax Credit Review: 2017 Session* research report, the estimated cost of this incentive is unavailable due to disclosure statutes. However, the Governor's *Tax Expenditure Report: 2017-19* reports the 2015-16 estimated assessed value of property exempted at \$2.1 billion, representing a \$55.1 million dollar loss of 2017-19 revenue. The REZ is scheduled to sunset in June of 2018.

House Bill 2077 would extend the sunset on REZ tax exemptions to June of 2024.