HB 2904 -2 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 4/5, 5/22

WHAT THE MEASURE DOES:

Expands location qualification criteria for determining locations where a business firm may qualify for a rural long term enterprise zone tax incentive to include areas outside all metropolitan statistical areas, as defined by the most recent federal decennial census.

ISSUES DISCUSSED:

- By adding new criterion of being outside an MSA, for those counties outside of MSAs, effectively eliminates need to meet any one of the existing three requirements: chronic low income, chronic unemployment or negative net migration
- Potential of temporary workers skewing county data causing countywide per capita personal income figures to increase.

EFFECT OF AMENDMENT:

-2 Replaces content of measure.

Allows qualified rural counties, as defined in measure, to qualify as locations where a business firm may qualify for a rural long term enterprise zone tax incentive.

Defines "qualified rural county" as county that is outside all metropolitan statistical areas as defined by most recent federal decennial census and in which, on most recently certified property assessment roll, the total property taxes imposed by all taxing districts within county are equal to or greater than 1.3% of the total assessed value of all taxable property located in county.

BACKGROUND:

The long-term rural enterprise zone program offers a property tax abatement of seven to fifteen years for qualified firms and facilities. An associated income tax credit equal to 62.5 percent of the taxpayer's gross payroll costs at the facility is also available if approved by the Governor. Any type of business activity is eligible for the long term rural enterprise zone (LTREZ), but incentives depend on local approval and minimum levels for investment size, job creation and employee compensation. To qualify for exemption, current law requires facilities to be located in counties with any one of the following: chronic low income, chronic unemployment or negative net migration. House bill 2904 would add a fourth criterion to the list, county outside all metropolitan statistical areas.

Referencing Business Oregon and Census reports, there are four counties currently not meeting existing LTREZ criteria that would become eligible under changes contained in introduced version of House Bill 2904: Clatsop, Gilliam, Hood River and Tillamook Counties. Changes in the -2 amendment would, absent changes in property taxes imposed, exclude the aforementioned four counties from becoming eligible. Potentially affected counties include those that may currently qualify as a LTREZ location county that in the future will not qualify due to changes in income, unemployment or migration patterns of the county.