

HB 2575 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 2/7

WHAT THE MEASURE DOES:

Creates income tax credit available to an owner or operator of a brownfield property that incurs specified eligible costs of removal or remedial action at the brownfield property. Specifies amount of credit equal to 50 percent of eligible costs incurred in the tax year with a \$1 million limit for any brownfield property for which tax credit application is submitted. Allows additional tax credit equal to additional 25 percent of eligible costs for each specified enhancement owner or operator includes in removal or remedial action. Limits additional credit to lesser of total eligible costs or \$2 million. Provides credit to be carried forward for up to five succeeding tax years. Specifies parameters through which credit may be transferred. Requires brownfield owner or operator to obtain certification of credit amount from Oregon Business Development Department. Limits potential tax credits for eligible costs to not exceed \$20 million in any tax year. Credit applicable to tax years 2020 through 2025.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

ORS 285A.185 defines brownfield as: real property where expansion or redevelopment is complicated by actual or perceived environmental contamination.

The Oregon Coalition Brownfields Cleanup Fund offers a low-interest and grant financing option for projects on properties impacted by the existence of hazardous substances and for which cleanup of the contaminants is necessary before development or redevelopment can occur. Loans are targeted to economic or community development projects showing the greatest need, exhibiting long-term project viability and demonstrating the capacity of repayment.

In 2016, the Legislature enacted HB 4084 which allows certain local governments to adopt ordinance or resolution providing property tax incentive programs that grant special assessment to brownfields or exemption to new and existing improvements and personal property on brownfields for period of up to 10 years, with additional period up to five years based on locally adopted criteria. Marion County has adopted such an ordinance and the City of Portland has been actively developing an ordinance.