

House Committee on Economic Development – Measures Referred to House Committee on Revenue (HREV)

Measure	What Measure Does	Sponsor/Requester	Revenue and Fiscal Impacts	Rank
HB 2053 A	<p>Modifies employment and employee compensation provisions for the Oregon Business Retention and Expansion Program, Enterprise Zones, Long Term Tax Incentives for Rural Enterprise Zones, Business Development Income Tax Exemption (Oregon Investment Advantage), and Oregon Industrial Site Readiness Program (Regionally Significant Industrial Sites). Takes effect 91st day following adjournment sine die.</p>	<p>Governor Brown for Business Oregon</p>	<p>No fiscal impact. Revenue statement for purpose of moving bill to HREV.</p> <p>The Oregon Business Retention and Expansion program is a forgivable loan program equivalent to the estimated increase in income tax revenue from new hiring. Business Oregon is authorized to reimburse local governments up to \$10 million a year for the Regionally Significant Industrial Sites program.</p> <p>According to the 2019-2021 Tax Expenditure Report by the Oregon Department of Revenue, the <u>2019-2021 estimated revenue loss</u> from the remaining three programs is as follows:</p> <ul style="list-style-type: none"> • <u>Enterprise Zones. \$122.3 million property tax loss with \$25.6 million shift of taxes to other taxpayers.</u> County reports show 418 standard exemptions in the 2017-18 tax year, encompassing 261 distinct projects by about 230 different firms. In 2018-19, businesses are expected to claim exemptions for 58 new projects. For all 319 projects, there were around 13,000 newly created jobs with the exemption. 114 additional projects are proposed to begin starting in 2019; these involve 3,800 additional jobs and \$1.4 billion in further investment. • <u>Long Term Rural Enterprise Zones. \$94.6 million property tax loss with \$18.5 million shift of taxes to other taxpayers.</u> As of 2018, nine facilities of six distinct companies were receiving the exemption. In 2017, five of nine had created 542-600 full-time jobs among six facilities, with average annual wages of \$60,000-90,000. • <u>Oregon Investment Advantage. \$15.9 million total personal and corporate income tax impact.</u> Fewer than 10 corporate income taxpayers claimed the subtraction for 2015. About 30 S corporation shareholders claimed the subtraction on their personal income tax return for 2016 tax year. In 2018, Business Oregon issued annual certifications for nine businesses. Currently certified businesses employ over 300 persons full-time in rural Oregon. 	

HECD First Chamber Bills to HREV

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HB 2132	Extends the Oregon Cultural Trust tax credit sunset to January 1, 2026.	House Interim Committee on Revenue	<p>No fiscal impact. Revenue impact to general fund of \$4.2 million in 2019-21 biennium and \$8.6 million in 2021-23 biennium. Extending the sunset of the income tax credit available to individuals and corporations making contributions to the Trust for Cultural Development is expected to decrease general fund revenue by \$4.2 million in the 2019-21 biennium. The reduction in revenue for the 2021-23 biennium is estimated to be \$8.6 million, reflective of the credit sunset extension being applicable to the entire biennium not just half the biennium as in 2019-21.</p>	
HB 2174 A	Requires delivery of urban renewal plan and accompanying report to the governing body of each taxing district affected by an urban renewal plan and allows governing body of taxing district to submit written recommendations prior to agency presenting plan for approval. Requires concurrence by three of the four taxing districts estimated to forgo the most property tax revenue when a public building project is proposed in an urban renewal plan, added to an existing plan, or significantly amended. Makes other changes to notice of hearing, consolidated billing rate, additions to urban renewal plan by amendment, and annual financial statement. Takes effect 91st day following adjournment sine die.	House Interim Committee on Economic Development and Trade	<p>Minimal fiscal impact. Revenue impact statement was issued to move the bill to HREV to continue work on bonding language issue between Department of Revenue and county assessors.</p> <p>According to Oregon Property Tax Statistics, Fiscal Year 2017-18, by the Oregon Department of Revenue, there were 116 urban renewal plan areas that raised revenue from the division of tax in 2017-18. The total revenue raised by these plans in the 2017-18 fiscal year was approximately \$267.6 million.</p>	

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HB 2184 A	Identifies services subject to universal service surcharge, defines how intrastate revenues subject to surcharge are identified, and changes surcharge maximum to seven percent. Establishes cap of \$30 million per year for basic telephone service from universal service fund. Creates Broadband Fund and transfers an amount equal to the lesser of \$10 million, or the remainder in the universal service fund above \$30 million per year to Broadband Fund.	House Interim Committee on Economic Development and Trade	<p>Revenue and fiscal impact statements issued to move the bill to House Revenue. Revenue impacts will need to be further estimated as it is taken up by the Revenue Committee. The measure is anticipated to have a fiscal impact on the Oregon Business Development Department and the Public Utility Commission, but a more complete fiscal analysis on the measure will be prepared as it is considered in House Revenue.</p>	
HB 2699 A	Modifies brownfield property tax incentive law to specify that a brownfield property granted property tax benefits under the law may also be granted any other special assessment, exemption, or partial exemption for which the property is eligible. Prohibits total amount of all special assessments, exemptions, and partial exemptions granted to property from reducing property tax liability to below zero. Requires city, county, or port to specify in ordinance or resolution how multiple property tax benefits will be applied and to notify county assessor of intended application. Takes effect 91st day following adjournment sine die.	Rep.NOSSE, Rep.MCKEOWN, Sen.BENTZ, Sen.FREDERICK	<p>Fiscal impact is anticipated to be minimal. Revenue statement issued to move bill to HREV.</p> <p>The 2019-2021 Tax Expenditure Report issued by the Oregon Department of Revenue describes the 2019-21 revenue impact of this program as less than \$100,000, in part because only one local government has adopted ordinance.</p>	

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HB 2900 A	<p>Extends sunset for property tax exemption on qualified real property machinery and equipment used in food processing. Allows county governing body to make, by ordinance or resolution, the property tax exemption inoperative for the county and all other taxing districts within the county for any property tax year. Provides that qualified property already exempt under program on the effective date of county-adopted ordinance or resolution continues to be exempt for eligible tax years. Allows county to subsequently make exemption operative again. Requires county to notify county assessor, Department of Revenue, State Department of Agriculture, and taxpayers with exempt property. Becomes operative on July 1, 2020 for property tax years beginning on or after July 1, 2021. Takes effect 91st day following adjournment sine die.</p>	<p>Rep.SMITH G</p>	<p>No fiscal impact. Revenue impact statement was issued to move the bill to HREV.</p> <p>According to the 2019-2021 Tax Expenditure Report by the Oregon Department of Revenue, the 2019-2021 estimated revenue loss from the food processing equipment exemption is \$8.8 million with a shift of taxes to other taxpayers totaling \$1.8 million. In tax year 2017-2018, 27 businesses used the exemption for 122 pieces of equipment.</p>	