REVENUE IMPACT OF PROPOSED LEGISLATION

80th Oregon Legislative Assembly
2019 Regular Session
Legislative Revenue Office

Bill Number:	**HB 2053 - A**
Revenue Area:	
Economists:	**Kyle Easton/Kait Harger**
Date:	

Only Impacts on Original or Engrossed Versions are Considered Official

---

The revenue impact of this measure is indeterminate for the following reasons:

The bill modifies statutes related to four distinct programs administered by Business Oregon. Below, the expected revenue impact is summarized by program. Overall, changes presented in HB 2053 A could affect participation in these programs. Without information on the level of variation in program participation, the revenue impact cannot be determined.

Oregon Industrial Site Readiness Program (RSIS)
Changes contained in measure reduce program requirements relating to employee compensation and employer hiring. As measure allows multiple employers to be cumulatively considered in meeting eligibility criteria and reduces requirements for receiving tax reimbursement and/or loan forgiveness, increased program participation is a likely outcome. However, the relative sparseness of program participation does not allow for a specific estimate of future projects that, with changes in measure, will qualify that otherwise would not. The three projects that have currently qualified for incremental personal income tax revenue sharing range in amount of eligible reimbursement costs from $7.9 to $34.5 million. Any increased participation in the Industrial Site Readiness Program due to changes contained in measure will likely not affect General Fund revenue prior to the 2023-25 biennium.

Business Retention and Expansion Program (BEP)
This program is capitalized with State Lottery Funds, no impact on General Fund revenue.

Long Term Rural Enterprise Zone (LTREZ)
Measure makes a series of changes to the long term rural enterprise zone program that could affect project qualification in future years. Modifications include: definitional change of “compensation”, definitional change of “average wage”, modification of minimum percentage of average wage a business firm’s employees must be compensated at or above, and modification to ongoing minimum compensation/wage requirements. While modifications to program requirements could result in increased or decreased participation in program, overall change in program participation cannot be presumed with certainty due to the few businesses participating in the program.

Enterprise Zones (EZ)
Measure makes a series of changes to enterprise zone program including: adding opportunity zones within federal definition of enterprise zone, modifying referenced wage criteria in instances where enterprise zones straddle multiple counties, modifies definition of compensation, modifies compensation to wage requirements, institutes modified compensation to wage requirements for zones in urban high population counties, and eliminates applicable wage to wage requirements. Modifications to program requirements could result in increased participation in enterprise zone exemption, primarily in instances where additional two years of exemption is provided. Any change is expected to be fairly marginal and potentially influenced by local government decision making. For these reasons, overall change in program participation cannot be presumed with certainty.

Oregon Investment Advantage (OIA)
Measure makes changes to compensation requirements, project requirements, and changes to statute related to the use of data for determining eligibility. These modifications may result in increased or decreased participation in the program. As a result, the revenue impact is currently indeterminate.

State Capitol Building
900 Court St NE
Salem, OR 97301

Phone: 503-986-1266
Fax: 503-986-1770
https://www.oregonlegislature.gov/lro