

SB 134 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Prepared By: Chris Allanach, Legislative Revenue Officer

Sub-Referral To: Joint Committee On Tax Expenditures

Meeting Dates: 2/6

WHAT THE MEASURE DOES:

Moves the sunset date of Oregon's Enterprise Zone program from July 1, 2025 to July 1, 2032.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Enterprise zones represent a geographical approach to economic development and require approval by a local government. These zone sponsors may be any county, city, or port in Oregon, subject to determination by Business Oregon (Oregon Business Development Department). They are jointly administered by Business Oregon, the county assessors, and zone sponsors.

Qualified firms operating within an enterprise zone (EZ) may receive a three- to five-year property tax exemption; qualifying property must be newly placed into service in the EZ. Most exemptions are three years; the additional two years depend on a written agreement made prior to authorization. Qualifying property may be either real or personal and may be either owned or leased. Eligible firms must meet the conditions stated in ORS 285C.135; qualifying property must meet the conditions stated in ORS 285C.180; and firm and employment conditions of ORS 285C.200 must be met. For example, (generally) a jobs increase of ten percent or one employee, whichever is greater, is a requirement. The zone sponsor may waive the jobs requirement under certain circumstances.

According to the 23-25 Tax Expenditure Report (TER), this policy exempted \$4 billion of value in 2021-22 and is projected to have a revenue loss of \$98.7 million and a tax shift of \$18.5 million during the 2023-25 biennium.