

SB 537 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Prepared By: Kyle Easton, Economist

Sub-Referral To: Joint Committee On Tax Expenditures

Meeting Dates: 2/27

WHAT THE MEASURE DOES:

Extends sunset of Gain Share distributions from July 15, 2025 to July 15, 2035.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

In 2007, the Legislature established the Shared Service Fund, which is popularly known as “Gain Share”. Gain Share is designed to provide a mechanism for local governments who participate in the Strategic Investment Program (SIP caps property taxes for large investments) to share in the estimated income tax collections associated with the jobs generated by the SIP project. Gain share refers to the personal income tax revenue attributable to retained jobs and newly created jobs for each eligible SIP project for which a property tax exemption was received. For retained jobs, the counties receive 20% of the total annual amount of personal income tax revenue attributable to the retained jobs for all eligible projects in the county. For newly created jobs, counties receive 50% of the attributable personal income tax revenue. The maximum Gain Share amount a single county may annually receive is \$16 million. Counties distribute Gain Share amounts received to local taxing districts in which an eligible project is located in accordance with SIP community service fee agreements. Gain share distributions may not be made after July 15, 2025. Measure extends sunset to July 15, 2035.