

HB 2517 STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Beau Olen, Economist

Meeting Dates: 5/3

WHAT THE MEASURE DOES:

Exempts cannabis businesses from first-source hiring agreement requirement in enterprise zone. Takes effect on 91st day after sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Oregon enterprise zones incentivize new business investment by exempting some or all local property tax for several years. An enterprise zone is sponsored by city, port, county, or tribal governments. Currently, Oregon has 76 enterprise zones, of which 58 are rural and 18 are urban. The zones are spread throughout the state, in 35 of 36 counties, and are sponsored by 124 cities, 15 ports, 30 counties, and 2 Indian tribes. In addition, 19 cities, 7 ports and 3 other counties currently consent to zones within their territory that are sponsored by other jurisdictions. Local governments are responsible for creating and managing the zones until the sunset on June 30, 2025.

One requirement for the 3-5 year property exemption in a standard enterprise zone is that a business must enter into a first-source hiring agreement with a local job training provider for the period of the property tax exemption [ORS 285C.215(1)]. "First-source hiring agreement" means an agreement between an authorized business firm and a publicly funded job training provider whereby the provider refers qualified candidates to the firm for new jobs and job openings in the firm [ORS 285C.050(10)]. There are approximately 37 standard enterprise zones subject to the first-source hiring requirement. In addition, some local agreements in long term rural enterprise zones include a first-source hiring agreement.

The Oregon Business Development Department (OBDD) ensures that designated enterprise zones comply with statutory requirements, develops rules to administer the program, and assists local sponsors and businesses with implementing first-source hiring agreements and other matters (ORS 285C.060). In accordance with rules adopted by OBDD, first-source hiring requirements may be waived [ORS 285C.215(3)]. OBDD has granted this waiver to businesses that will satisfy the first-source hiring requirement later, but the exact number is not known at this time.

The Oregon Liquor and Cannabis Commission (OLCC) licenses and regulates the operation of the recreational marijuana industry in Oregon. OLCC's recreational marijuana program is exclusively authorized to make recreational and medical grade marijuana available to consumers and licensed businesses through retail marijuana stores. The program also tracks the growing, transporting, processing, and selling of recreational marijuana products. OLCC is also responsible for the tracking of any Oregon Medical Marijuana Program (OMMP) producer that is registered to produce marijuana for three or more patients, OMMP processing sites, and OMMP dispensaries. The Oregon Health Authority administers the Oregon Medical Marijuana Program.

Currently, there are one or two cannabis businesses receiving the enterprise zone property tax exemption. Additionally, a number of cannabis businesses have requested that OBDD waive their first-source hiring

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requirement. The waiver eliminates the requirement for a business to partner with a publicly funded job training provider such as the federally funded WorkSource Oregon program at the Oregon Employment Department. Under federal law, cannabis is a schedule I drug which the United States Drug Enforcement Administration defines as a drug “with no currently accepted medical use and a high potential for abuse.”