

SB 134 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Action Date: 02/28/23

Action: Without recommendation as to passage and be referred to Tax Expenditures by prior reference.

Vote: 5-0-0-0

Yeas: 5 - Boquist, Findley, Golden, Jama, Meek

Fiscal: No fiscal impact

Revenue: Revenue impact issued

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Meeting Dates: 2/6, 2/28

WHAT THE MEASURE DOES:

Moves the sunset date of Oregon's Enterprise Zone program by seven years, from July 1, 2025 to July 1, 2032. Sunset date does not apply to reservation enterprise zones or reservation partnership zones. Takes effect January 1, 2024.

ISSUES DISCUSSED:

- Whether this exemption is affordable and has served its purpose, further input from Joint Committee on Tax Expenditure needed.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Enterprise zones represent a targeted, 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 the Oregon Business Development Department (OBDD). They are jointly administered by OBDD, county assessors, and zone sponsors. This policy originally became law in 1985.

According to the 2023-25 Tax Expenditure Report (TER), "Oregon's enterprise zone system continues to stand out for its rural basis, local control, and reliance on property tax relief." More than three-fourths of Oregon's 76 enterprise zones are categorized as rural (58), with the remaining categorized as urban (18). Their geographical distribution spans the entire state, with locations in 35 of the 36 counties. They are sponsored by 124 cities, 15 ports, 30 counties, and 2 Indian tribes. In addition, 19 cities, 7 ports and 3 counties consent to zones within their territory that are sponsored by other jurisdictions.

Many of the businesses that benefit from this exemption are manufacturers across a wide array of subsectors, and financial/service centers, headquarters, data centers, distribution facilities, hotels, and various other traded-sector business types.