

HB 2258 A STAFF MEASURE SUMMARY

House Committee On Economic Development and Small Business

Action Date: 04/04/23

Action: Do pass with amendments and be referred to Ways and Means. (Printed A-Eng.)

Vote: 11-0-0-0

Yeas: 11 - Bynum, Diehl, Elmer, Javadi, Lively, Morgan, Nguyen D, Osborne, Pham H, Ruiz, Walters

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 2/28, 3/7, 4/4

WHAT THE MEASURE DOES:

Extends sunset of Oregon Industrial Site Readiness Program. Appropriates \$40 million to Oregon Industrial Site Readiness Program Fund. Establishes Industrial Site Loan Fund (ISLF). Administered by Oregon Business Development Department (OBDD), ISLF will provide project sponsor financial assistance for development projects, forgivable loans for planning projects, or other forms of financial assistance to invest in preparation of land for development projects including planning project activities that are necessary or useful to a development project. Development project for purpose of ISLF means project for acquisition, improvement, construction, demolition or redevelopment of publicly or privately owned utilities, buildings, land, transportation facilities or other facilities that assist the economic and community development of a municipality. Includes planning project activities that are necessary or useful to a development project. OBDD may provide forgivable loans for planning projects from ISLF moneys; however, OBDD may not expend more than one percent of value of the ISLF in any biennium for planning projects. Defines allowable development and planning project costs. OBDD may also provide other forms of financial assistance, by expending or loaning ISLF moneys or extending credit to project sponsors for an eligible project. Specifies application, eligibility, terms of repayment, and breach of contract for project sponsor requesting financial assistance from the ISLF. If a project sponsor defaults on a loan or fails to comply with an agreement, OBDD may seek appropriate legal remedies to secure any repayment of obligations due from a project sponsor. Appropriates \$40 million to ISLF. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Oregon Industrial Site Readiness Program (Program) sunset
- Costs of converting lands into shovel ready sites
- Types of costs associated with preparing sites: regulatory costs, permitting costs, engineering costs, environmental study and remediation costs, etc.
- Accelerate land readiness for traded sector and middle-income job growth
- Ability of Program to provide reimbursement or partially forgivable loans to local project sponsors to overcome costs of making industrial sites market ready
- Local governments lack of resources to furnish the costs of developing industrial lands for commercial activity.

EFFECT OF AMENDMENT:

Establishes Industrial Site Loan Fund (ISLF). Administered by Oregon Business Development Department (OBDD), ISLF will provide project sponsor financial assistance for development projects, forgivable loans for planning projects, or other forms of financial assistance to invest in preparation of land for development projects including planning project activities that are necessary or useful to a development project. Development project for purpose of ISLF means project for acquisition, improvement, construction, demolition or redevelopment of

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publicly or privately owned utilities, buildings, land, transportation facilities or other facilities that assist the economic and community development of a municipality. Includes planning project activities that are necessary or useful to a development project. OBDD may provide forgivable loans for planning projects from ISLF moneys; however, OBDD may not expend more than one percent of value of the ISLF in any biennium for planning projects. Defines allowable development and planning project costs. OBDD may also provide other forms of financial assistance, by expending or loaning ISLF moneys or extending credit to project sponsors for an eligible project. Specifies application, eligibility, terms of repayment, and breach of contract for project sponsor requesting financial assistance from the ISLF. If a project sponsor defaults on a loan or fails to comply with an agreement, OBDD may seek appropriate legal remedies to secure any repayment of obligations due from a project sponsor. Appropriates \$40 million to ISLF. Declares an emergency, effective on passage.

BACKGROUND:

The Oregon Industrial Site Readiness Program (Program) was established in 2013, and was intended to provide financial assistance to qualified project sponsors through tax reimbursement arrangements and loans, including forgivable loans. However, the Program Fund has never been capitalized to date and the Oregon Business Development Department (OBDD) has never provided loans to qualified project sponsors. Currently, OBDD only provides tax reimbursements to qualified project sponsors (i.e., eligible employers) that have paid income tax for jobs on a development site. Once the amount of incremental income tax paid has been certified by the Department of Administrative Services (DAS), the Department of Revenue (DOR) transfers 50 percent of the incremental income tax to the Program Fund. Under current law, OBDD may not issue more than \$10 million per year in income tax reimbursements and loans under the Program; however, because the Program fund has never been capitalized, OBDD has historically interpreted this \$10 million cap as applying only to income tax reimbursements. The measure applies this cap only to income tax reimbursements arrangements.

House Bill 2258 A extends the sunset of the Oregon Industrial Site Readiness Program from 2023 to 2033 and appropriates \$40 million to the Program Fund. The measure also establishes Industrial Site Loan Fund (ISLF) to be administered by the Oregon Business Development Department (OBDD). ISLF will provide project sponsor financial assistance for development projects, forgivable loans for planning projects, or other forms of financial assistance to invest in preparation of land for development projects including planning project activities that are necessary or useful to a development project. HB 2258 A appropriates \$40 million to the ISLF.