TAX FAIRNESS OREGON

HB 4042 RISI and the Industrial Lands Loan Fund

House Revenue – Jody Wiser – 2.21.2024

This bill is a $140 million bill**:** $40 million for loans**,** $20 million in additional RSIS commitments for this biennium, and $80 million in RSIS commitments for the next biennium.

That's a lot to be spending.

There is a section on page three that seems to have Business Oregon purchasing local bonds. How does that work? Has it happened?

The Regionally Significant Industrial Site program (RSIS) where the General Fund returns 50% of the income taxes of the employees to project sponsors has been around 10 years, yet I think you've seen no report about the commitments that have been made, the payoffs that are occurring, what interest rate is being charged**,** and whether the program is providing a good payoff for the State. How many jobs have been initiated? How many years remain of returning half the income taxes of employees at the rate the developers' costs are getting repaid? Five, fifty, a hundred? Can this public infrastructure funding support urban data centers or distribution centers for Amazon and UPS?

What's happened in the first 10 years of RSIS? It seems you should know. This bill asks for a 10-year extension of the program. Senate Bill 1526 asks for only a three-year extension, although there is an amendment to change it to six years.

Some states have begun limiting the stacking of benefits. I suspect Oregon does not. But should you?

If the public pays for the roads and utilities for an industrial development, is the business still eligible for five years of property tax exemption? Can the land also be in a Tax Increment Financing District for 20-30 years? You could essentially be giving up K-12 dollars in both property taxes and income taxes in multiple ways for decades.

For homebuyers, when housing is built on raw land the roads and utilities are put in by the developer and included in the price of the homes. But for industrial buyers**,** the public pays for the roads and utilities and it is not included in the price of industrial land. Why is that? In the "not so distant past" when private developers prepared industrial land, they built the roads and put in the utilities and recovered the cost when they sold the land. Why don't we do this now? Why are we recovering it from the employees and local jurisdictions rather than the employers?

These are the types of questions I'm curious about. It seems an interim work group is needed to review the RSIS program and develop a bill to shape it as deemed necessary. These aren't the kinds of questions that can get answered during a session, but they are questions that deserve a hard look.

I recommend a three-year extension to the RSIS program with a deep report on what's being done, what's been promised, what the cost will grow to, whether there is double and triple dipping and recommended improvements to the program.

We read the bills and follow the money