



## **SB 1526 RSIS program extension**

Senate Finance and Revenue – Jody Wisner – 2.21.2024

The Regionally Significant Industrial Site (RSIS) portion of SB 1526 is a \$30 million, \$60 million or \$100 million bill, depending upon the period you extend the RSIS program. The base bill asks for a three-year extension, an amendment changes it to six years and Scott Bruun has asked for a ten-year extension.

That's a lot to be spending for a program about which you've received very limited information. \$10 million a year.

Under the Regionally Significant Industrial Site program (RSIS) the General Fund returns 50% of the income taxes of the employees at an industrial site to project sponsors to reimburse them for up to the full cost of the infrastructure improvements on the site. The program has been around 10 years. Yet it seems you've seen no report about the commitments that have been made, the payoffs that are occurring, the quality and quantity of the jobs coming to these industrial lands and whether the program is providing a good payoff for the State.

While transfer of General Fund dollars to the project sponsors is limited in cost to \$10 million a year, 12 project sites representing 6250 acres of industrial land have been approved, with potential cost to the General Fund of \$570 million. I'm curious what more is needed and what the additional impact of an extension would be.

What is the evidence that the current 6250 acres of RSIS land aren't adequate to meet our needs for industrial lands? What is the evidence that this program needs to be extended if the legislature funds the Industrial Lands Loan Fund with \$40 million is it does in HB 4042?

Before a lengthy extension, why not learn what's happened in the first 10 years of RSIS? And if this benefit is being stacked with other benefits in ways that limit the value of those new jobs to the state's economy and the General Fund.

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

If the public pays – via a loan or a reimbursement to project sponsors -- 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 with no property tax revenue going to K-12 funding for 30 years? Is the state essentially giving up K-12 dollars in both property taxes and income taxes in two, three or more ways for decades, providing nothing to educate the children of the employees working at these industrial sites?

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 land buyers, the public pays for the roads and utilities and the cost 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 the cost 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 deep study 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.

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