

HB 2351 -1 STAFF MEASURE SUMMARY

House Committee On Economic Development, Small Business, and Trade

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Meeting Dates: 2/24, 3/17

WHAT THE MEASURE DOES:

The measure updates reporting requirements relating to Enterprise Zones. It takes effect on the 91st day following adjournment sine die.

Detailed Summary:

Updates Department of Revenue (DOR) duties related to Enterprise Zones. Requires DOR to consult with Oregon Business Development Department (OBDD) to set guidelines for reports that must be submitted by county assessors. Requires DOR to provide training or advice to county assessors on reporting if requested. Requires DOR to assist OBDD in resolving discrepancies in exempt-property data in the written reports.

Expands the reporting requirements for businesses in Rural Enterprise Zones related to long-term tax incentive requirements. Requires businesses to report each tax year on the number of employees, the average annual wage, and compensation of employees at the facility. Businesses that do not comply with the reporting requirement may be disqualified. Requires the Enterprise Zone sponsor to send an annual report to DOR and OBDD with information on each business in the Enterprise Zone. Requires information sharing between departments. Allows OBDD to specify the rules and manner of submissions from businesses and Enterprise Zone sponsors.

Requires annual participant report to include information about exempted property. Requires businesses to submit the total cost of investment in the property for the eligible project. Requires businesses to submit one version of the report based on current law and one based on the new requirements, once the law goes into effect.

Adds language to various statutes relating to Enterprise Zones specifying the types of information that require disclosure or may be requested. Clarifies language. Updates references and deadlines.

Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Enterprise Zone sponsor responsibilities
- Current reporting challenges
- County assessor concerns
- Reporting on fees
- Comparison of requirements for standard and long-term rural Enterprise Zones, and for Sustainable Infrastructure Planning Projects (SIPPs)
- Fiscal impact of the measure

EFFECT OF AMENDMENT:

-1 The amendment expands on the changes to Department of Revenue (DOR) duties related to Enterprise Zones.

Detailed Summary:

Clarifies that discrepancies in exempt-property data may include changes from prior reports or substantial changes in the amount exempted. Adds that assistance provided by DOR to county assessors may only include

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technical expertise and existing information. States that assistance cannot require DOR to reappraise property tax accounts.

Adds a section requiring Oregon Business Development Department (OBDD) and DOR to enter into an interagency agreement within 90 days following the effective date of the act. This section sunsets on January 2, 2027.

- *FISCAL: Has minimal fiscal impact.*
- *REVENUE: Revenue impact issued.*

BACKGROUND:

Oregon's Enterprise Zones have been operating since the 1980s. They are intended to incentivize new business investments by abating all local property tax for a certain number of years. Enterprise Zones are sponsored by city, port, county, or tribal governments. There are currently 73 Enterprise Zones, including 55 rural and 18 urban zones.

House Bill 2009 (2023) required Oregon Business Development Department (OBDD) to study transparency of the Enterprise Zone program. The [Enterprise Zone Transparency Study](#) was published in 2024. There are two types of Enterprise Zones – standard and long-term rural zones. The reporting is different for these two types, and the report makes the recommendation for long-term rural zones to be expanded and become more like the reporting for standard Enterprise Zones.

The report made several recommendations to improve transparency, including establishing a schedule for issuing reports of Enterprise Zone use and outcomes. It also recommended clarifying Department of Revenue (DOR) and OBDD responsibilities.

House Bill 2351 makes changes to various statutes to implement these changes, updating reporting requirements relating to Enterprise Zones.