

HB 2351 A -A2 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 4/8, 4/15, 5/20

WHAT THE MEASURE DOES:

Clarifies which records are exempt from disclosure, including certain public records of a business submitted as part of an application for an economic development incentive.

Clarifies the role of an enterprise zone (EZ) sponsor, including that they must ensure a qualified business firm can use local public services, incentives, and regulatory flexibility a zone sponsor has elected by policy. Requires the Department of Revenue (DOR), in consultation with the Oregon Business Development Department (OBDD), to prescribe the form of the annual written report on EZ statistics submitted by county assessors to DOR. Requires DOR, OBDD, county assessors, and zone sponsors to share certain information to provide complete and accurate information on EZ statistics, including information in the annual written report.

Clarifies that property may not qualify for the long-term rural enterprise zone (LRZ) property tax exemption if it is granted certain other property tax exemptions. Clarifies statutes for posting certain LRZ information on the State Transparency Website. Disqualifies a business firm from the LRZ exemption for failure to submit annual information on employment and compensation to the zone sponsor.

Clarifies the information OBDD must report on qualified business firms which are exempt under the Strategic Investment Program (SIP) and extends information reporting deadlines for the Department of Administrative Services and OBDD. Requires information on state appraised industrial property which is exempt under SIP or Oregon Revised Statutes chapter 285C to be provided to OBDD upon request.

Requires the directors of DOR and OBDD to enter into an interagency agreement regarding information sharing and methods to estimate the effects of property tax exemptions for economic development incentives within 90 days following the effective date of the Act. Takes effect on the 91st day after sine die.

ISSUES DISCUSSED:

- Enterprise zone transparency study per HB 2009 (2023)
- Enterprise zone fee agreements
- Role of county assessor

EFFECT OF AMENDMENT:

-A2 Requires DOR to consult county assessors and EZ sponsors for prescribing the form of the annual written report. Clarifies that assessor estimates of assessed value and property taxes imposed will suffice for purposes of the annual written report. Clarifies that clarifying information requested by DOR or OBDD for the annual written report is limited to technical expertise and existing information and does not require reappraisal of any property tax account by the county assessor.

BACKGROUND:

In 2023, HB 2009, sections 15-22, made changes to the transparency of property tax exemptions for qualified business firms in enterprise zones. OBDD, in consultation with the Legislative Revenue Office, was required to submit an EZ transparency report to the Legislature by September 15, 2024, which compared actual transparency to the transparency required by statute. Future EZ agreements between business firms and zone sponsors were required to be posted on the zone sponsor website for 21 days before the effective date of the agreement. OBDD

was required, upon request, to provide a zone sponsor with technical assistance about how to enter into an EZ agreement with a business firm. Certain information of qualified business firms exempt from property tax under the long-term rural enterprise zone program were required to be posted on the State Transparency Website, analogous to the information which was already available for qualified business firms exempt from property tax under the standard enterprise zone program.