

HB 2411 -3 STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

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Meeting Dates: 6/24

WHAT THE MEASURE DOES:

The measure establishes the Industrial Site Loan Fund (ISLF) and allocates \$40,000,000 to the fund.

Detailed Summary:

Authorizes Oregon Business Development Department (OBDD) to provide financial assistance from the ISLF to project sponsors for development and planning projects related to industrial land development.

Eligibility and definitions:

Requires that eligible land is planned, zoned, and suitable for new or expanded industrial use. Requires that eligible land provide significant additional employment in the state, has characteristics that provide competitive advantages, and has access to transportation and freight infrastructure.

Defines industrial use as one that generates income from production, handling, or distribution of goods or services, including manufacturing, assembly, fabrication, processing, storage, logistics, and others.

Defines eligible projects as development or planning projects.

Defines project sponsors as public entities or private owners of industrial land. States that public entities include cities, counties, ports, Tribal councils, and airports in Oregon.

Forms of financial assistance:

OBDD may provide a loan or purchase bonds for development projects. OBDD may make forgivable loans for planning projects. Allows OBDD to determine financial assistance amounts to projects on a case-by-case basis. Allows OBDD to purchase goods or services on behalf of the project sponsor and to finance guaranty agreements.

Allowable costs:

Defines allowable costs for development and planning projects.

- Allowable costs for development projects include property acquisition and assembly costs, transportation improvements, infrastructure for providing services, remediation and mitigation activities, project management and construction costs, and other costs determined to be useful for the project.
- Allowable costs for planning projects include planning, engineering, legal, and other professional services; permits and administrative costs, and other costs determined to be useful for the project.

Application and agreement process:

Requires that project sponsors apply for assistance from the ISLF and sets minimum requirements for OBDD's application process. Defines content of the agreement between OBDD and applicant.

Industrial Lands Loan Fund (ILLF):

Clarifies ILLF eligible projects.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-3 Deletes section 13, which allocates \$40 million Lottery Funds to OBDD for deposit into the fund.

BACKGROUND:

There is a shortage of market-ready industrial lands in Oregon, and public and private owners of industrial land have limited financial tools to develop it for traded sector industrial use. The Oregon Business Development Department (OBDD) currently administers the Regionally Significant Industrial Sites program (RSIS). This program was established in 2013 and reimburses RSIS project sponsors for money spent on approved site improvements. Currently, there are 12 approved RSIS sites, which represent 6,250 acres of industrial land that are expected to generate over 34,000 jobs.

In 2023, Senate Bill 4 established the Semiconductor Industrial Lands Loan (SILL) Program and committed \$10 million dollars to the Industrial Lands Loan Fund. This is a forgivable loan program that reimburses government entities, property owners, and businesses for development and planning activities. The SILL program is limited to industrial lands projects associated with new or expanded semiconductor manufacturing industry uses that are located within 50 miles of Eugene, Corvallis, Hillsboro, Gresham, Redmond, or Medford.

The measure is intended to be a complement to the RSIS program. It is modeled similarly to the SILL program. However, eligible projects would include development or planning projects related to industrial land development, not only those associated with semiconductor industry uses. To date, OBDD has not administered an industrial lands program that does not require the land to be used for a specific industry.