



HB 2351 - Economic Development Program Transparency

Current statutory provisions for the collection, transfer, access, and assembly of information on businesses using tax abatement programs challenge the Oregon Business Development Department's (Department) ability to accurately assess and report on the effectiveness of these programs. In addition, the current provisions do not fully support Department efforts to meet transparency expectations of the legislature and other partners. An Enterprise Zone Transparency Study¹ was recently completed as required by HB 2009 (2023). The bill would implement certain recommendations from the transparency study and correct other known transparency needs and issues.

Section 1 updates existing statutory sections to clarify certain business financial statements *should* be considered confidential information. This change relates to a recent issue where the Department was ordered to release financial statements of a private business that were submitted by a port as a part of an application for assistance. Had the statements been submitted directly to the Department by the business they would have been considered exempt from disclosure. The changes will keep these types of business records confidential in the future regardless of who submits the application.

Remaining sections are concerned with reporting requirements for property tax abatements, primarily enterprise zone programs², to facilitate openness and public data related to dollar amounts of new private investments, property value and tax effects, as well as employment levels. Changes include:

- Slightly modifying certain reporting timelines and documents,
- Greater clarity around mechanisms, obligations, and mutual sharing arrangements to codify current best practices for transparency,
- Method to gather long term rural enterprise zone facility hiring figures and bring reporting more in line with standard enterprise zones, and
- Allowing the Department of Revenue (DOR) to securely communicate exempt property information with Business Oregon.

There is a -1 Amendment available on OLIS that clarifies what information will be shared between DOR and the Department and will establish a process for transmittal of that information.

The Department has done extensive stakeholder outreach on the bill and is aware of some longstanding concerns around workload on the part of county assessors. The modest, administrative changes above are not intended to significantly increase efforts by tax administrators, nor to audit their work. Rather, HB 2351 aims to clarify mutually supportive roles that maximize the completeness and consistency of reporting on benefits for the individual businesses receiving property tax relief.

Contact: Mark Gharst, 503-991-2192 or mark.gharst@biz.oregon.gov

¹ https://www.oregon.gov/biz/Publications/OR_EZ_Transparency_Study.pdf

² https://www.oregon.gov/biz/Publications/Property_Tax_Incentivies_Impact_Study.pdf