



Legislative Fiscal Office  
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**Bill Title:** Relating to economic development; prescribing an effective date.

**Government Unit(s) Affected:** Department of Revenue, Employment Department, Department of Consumer and Business Services, Office of the Governor, Housing and Community Services Department, Department of Administrative Services, Department of Land Conservation and Development, Judicial Department, Department of State Lands, Department of Transportation, Water Resources Department, Parks and Recreation Department, Department of Energy, Department of Environmental Quality, Department of Fish and Wildlife, Department of Geology and Mineral Industries, Department of Agriculture, Oregon Business Development Department, Counties, Cities, Metro

#### Summary of Fiscal Impact:

2025-27 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Oregon Business Development Department	\$ 40,000,000	\$ -	\$ -	\$ -	\$ 40,000,000	-	-
<b>Total Fiscal Impact</b>	<b>\$ 40,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40,000,000</b>	<b>-</b>	<b>-</b>
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2027-29 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Oregon Business Development Department	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
<b>Total Fiscal Impact</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>

- The table above does not include the Other Funds expenditure limitation necessary to expend General Fund revenue deposited by the measure into the Industrial Site Loan Fund. While the expenditure limitation will need to be established to properly budget for the impact of the measure if it is adopted, it is not reflected in the table to avoid duplication of expenses.
- There is an indeterminate fiscal impact on large- and medium-sized counties that have enterprise zone agreements with business firms.

#### Measure Description

The measure appropriates \$40 million General Fund to OBDD in the 2025-27 biennium. OBDD is to deposit the moneys appropriated in the Industrial Site Loan Fund. Moneys in the fund may be used for any purpose or program for which moneys in the fund may be used.

The measure establishes the 13-member Joint Permitting Council to administer a fast track permitting program that allows eligible projects to obtain expedited regulatory approval from state agencies. The council consists of one representative from 11 state agencies and two economic development representatives, all of whom are appointed by the Governor to four-year terms. Council members are not entitled to compensation or reimbursement of expenses. The council is required to establish eligibility criteria for the fast track permitting

program, including the capital investment required for eligible projects; and review project applications and forward the applications to the Regional Solutions Program to review the projects for consistency with regional economic development priorities. The Regional Solutions Program is to report to the Governor on whether to advance the project, and the Governor is to review each application and determine whether to approve the application. The council is to submit an annual report to the Governor and the Department of Administrative Services (DAS) that describes the status of each project administered in the previous year.

The measure requires eight specific state agencies to publish a catalog of permits issued by the agency that are related to or have an impact on economic development projects. The measure also requires these agencies to submit a report to the Governor.

The measure modifies the requirements for an area to be designated an enterprise zone. The Oregon Business Development Department (OBDD) is to determine that a local area demonstrates a need for economic development, based on evidence provided by cities, counties, or ports. The measure amends the definition of eligible businesses under the Enterprise Zone Program to broaden eligibility. Upon written request from an enterprise zone sponsor, OBDD may approve a waiver or authorize a pilot program allowing a business firm to qualify as an eligible business firm. OBDD is to establish approval criteria for waivers or pilot programs through rulemaking. The measure extends the exemption period for qualified equipment under the Enterprise Zone Program by two additional tax years, or for a period of no more than 10 years if requested by the sponsoring jurisdiction and the project involves substantial capital investment, regional economic impact, or alignment with local development goals, per OBDD rules.

### **Fiscal Analysis**

#### Oregon Business Development Department

The fiscal impact for OBDD is estimated to be \$40 million General Fund and \$40 million Other Funds in the 2025-27 biennium, with a minimal fiscal impact in the 2027-29 biennium. OBDD's participation with the Joint Permitting Council can be managed with existing department resources. The administrative changes to the Enterprise Zone Program do not create new work for the department and therefore can be absorbed with existing resources.

The \$40 million for deposit in the Industrial Site Loan Fund will generate additional loans, but those additional loans can be managed with existing resources. However, OBDD will require \$40 million Other Funds expenditure limitation in the 2025-27 biennium to distribute these additional loans.

#### Counties

The fiscal impact for counties is indeterminate. For small counties that do not currently have enterprise zone agreements with business firms, there is no fiscal impact. If a county does not currently have an enterprise zone, that county is unlikely to have any administrative work or costs associated with the Enterprise Zone Program. However, by expanding the eligibility criteria and the exemption period for qualified equipment, the number of businesses participating in the Enterprise Zone Program is expected to increase, particularly in medium- and large-sized counties. Increasing the number of participating businesses will in turn increase a county's administrative costs, due to the statutory responsibility of county assessors to administer the Enterprise Zone Program.

#### Other entities

There is a minimal fiscal impact for DAS, Oregon Department of Agriculture, Department of Consumer and Business Services, Oregon Department of Energy, Department of Environmental Quality, Oregon Department of Fish and Wildlife, Department of Geology and Mineral Industries, Department of Land Conservation and Development, Department of State Lands, Oregon Department of Transportation, Oregon Employment Department, Oregon Judicial Department, Water Resources Department, Office of the Governor, Housing and

Community Services Department, Oregon Parks and Recreation Department, Department of Revenue, and cities. There is no fiscal impact for Metro.

**Relevant Dates**

The measure takes effect on the 91st day after sine die.

The Governor is to appoint members to the Joint Permitting Council by July 1, 2026.

The Joint Permitting Council is to establish eligibility criteria by October 1, 2026.

Within 120 days of the measure's effective date, the agencies specified in Section 5 of the measure are directed to publish the catalog of permits issued by each individual agency and report to the Governor. This reporting requirement sunsets on January 2, 2027.