

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
83rd Oregon Legislative Assembly
2026 Regular Session
Legislative Revenue Office

Bill Number:	HB 4084 - C
Revenue Area:	Income Tax & Property Tax
Economist:	Beau Olen
Date:	3/2/2026

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

Enterprise Zones

Expands standard enterprise zone extended exemption period available after year three, from up to two additional years to up to 10 additional years, if requested by zone sponsor. Prohibits qualified property used in operating a data center from having an extended exemption period. Allows sponsor and eligible business firm to agree to flexible hiring timelines and alternatives to minimum employment requirements, except with respect to qualified property used in operating a data center, if alternative performance criteria are met during exemption period. Prohibits authorization under current law of new eligible firms with respect to property consisting of a data center project. Replaces zone designation requirements relating to area median income, unemployment rate, and economic hardship with requirement sponsor demonstrate need for economic development in area. Expands potentially eligible firm operations to priority industries identified by sponsor resolution. Expands potentially eligible firm operations, upon written request of sponsor, to firms otherwise excluded from program including those engaged in sales for personal or household use, retail sales, or operating fulfillment center.

Income Tax Credit

If Senate Bill 1507 (2026) becomes law, adds an additional requirement that taxpayers must operate in a qualified industry, as defined in HB 4084. Grants the Oregon Business Development Department (OBDD) rule-making authority to further define the term “qualified industry” for purposes of the tax credit. (See SB 1507A for a full description of the tax credit.)

Revenue Impact (in \$Millions):

	Biennium		
	2025-27	2027-29	2029-31
Job Credit: General Fund*	\$3.5	\$13.8	\$16.7
Exemption: Local Governments	\$0	\$0	\$27.0

*The full biennial impacts are these estimates combined with the estimates provided in the Revenue Impact Statement for SB 1507A.

Impact Explanation:

Income Tax Credit

The table above reflects the incremental impact on General Fund revenue from adding the “qualified industry” requirement to the jobs tax credit. The positive impact on revenue reflects a narrowing of credit qualification. The

net impact of the jobs credit is the sum of the impact above and the jobs credit impact contained in the revenue impact statement for SB 1507A.

Based on an analysis of data from the Oregon Employment Department, U.S. Bureau of Labor Statistics and the U.S. Census, an average of about 5,000 jobs are created annually in Oregon that meet the requirements of the job creation tax credit. This estimate reflects jobs created by private taxable employers. Certification of the tax credit is expected to increase following the initial year of the credit as awareness of the credit increases. The revenue impact estimate reflects the timing of tax credits being claimed by taxpayers.

Enterprise Zones

Dependent on requests by zone sponsors and rules adopted by OBDD, local property tax revenue impacts of expanding the extended exemption period begin in tax year 2032-33, the sixth year of exemption for new eligible business firms after the act's effective date. Revenue impacts of prohibiting qualified property used in operating a data center from an extended exemption period begin in tax year 2030-31, the fourth year of exemption for new eligible firms after the act's effective date. Revenue impacts may begin up to two years later if new eligible firms first use the construction in process in an enterprise zone exemption. The number of new eligible firms and their qualified investments after the act's effective date are expected to be similar to the recent past, with about 40 percent of eligible firms authorized for the maximum available exemption period, and value of depreciable property accounting for about 20 percent to 35 percent of real market value of qualified property in the fourth and fifth exemption years, and about 10 percent to 20 percent of real market value of qualified property in the eight years after the fifth exemption year. As such, local non-bond revenue impacts of expanding the extended exemption period and prohibiting data centers from an extended exemption period are expected to be about \$27 million per year starting in 2030-31 (only reflecting data center change), and then -\$9 million per year starting in 2032-33 (reflecting data center change and extended exemption period change). Expanding the extended exemption period may interact with other changes in the measure that may expand zone designation and eligible firm operations, but this will depend on potential actions taken by sponsors and OBDD. Additionally, if certain qualified depreciable property is refreshed on five-year cycles, and this would otherwise trigger appraisal, expected non-bond revenue impacts of prohibiting data centers from an extended exemption period are expected to be five percent to 15 percent higher. These revenue impacts do not include payments to local governments per additional conditions for authorization negotiated by sponsors and eligible firms.

Creates, Extends, or Expands Tax Expenditure: Yes No

Job Creation Credit

The policy purpose of this credit is to support economic activity in Oregon.

Standard Enterprise Zone Exemption

The policy purpose of this measure is to stimulate and protect economic success in such areas of the state by providing tax incentives for employment, business, industry and commerce and by providing adequate levels of complementary assistance to community strategies for such interrelated goals as environmental protection, growth management and efficient infrastructure.