

IN REVIEW:

2009 Regular Session of The Oregon Legislature

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OEDA Legislative Agenda

- Protecting Oregon's current incentive programs.
- Supporting the creation of new incentive programs for the 21st century.
- Increasing funding for Community investments.
- Restore the funding for Regional Strategies/RRIF Programs.
- Advocate for State of Oregon funding for workforce training.
- Advocate for legislation need to improve OECDD effectiveness.

OEDA Legislative Presence

- OEDA established as a “go to” presence for fact finding and to address economic development concerns in the Legislature
- OEDA coordinated with a broad coalition of partners interested in economic development
- OEDA responded to legislative activity real time as it occurs
- OEDA members appeared and spoke directly to Legislators on Economic Development

Legislative environment

- Economy dominated session
- Budget, Budget, Budget
 - '07-'09 Rebalance +/- \$800M
 - '09 – '11 - \$2B in cuts
- Revenue Raisers
 - HB 2649 raises \$472M in personal income tax
 - Increases marginal rate to 10.8% for households with \$250-\$500K income
 - Increases marginal rate to 11% for households with over \$500K
 - HB 3405 raises \$261M in corporate taxes
 - Increases the 6.6% corporate income tax rate to 7.9% of corporate net income in excess of \$250K for 2011 and 2012
 - Sets rate at 7.6(%) for all for all net income over \$10M in 2013 and after
 - Increases corporate minimum on a sliding scale based on Oregon sales from \$150-\$100,000
 - Transportation - \$0.6 per gal. gas increase
 - Hospital and Health Insurers – tax to fund children's healthcare

OEDA's Areas of Emphasis

- Enterprise Zones
- Tax Abatements and Tax Credits
- Urban Renewal
- OECDD Reorganization and Budget

Enterprise Zones

- **HB 2699: Modifies definition of “public works.” Requires payment of prevailing rate of wage in connection with enterprise zones.**
 - OEDA opposed
 - In committee upon adjournment
- **HB 2429: Modifies qualifications for property tax exemptions for business firms eligible to participate in enterprise zone program.**
 - OEDA opposed.
 - In committee upon adjournment

Enterprise Zones

- **HB 2549: Expands time period in which certain business firms must hire employees in order to qualify for long term rural enterprise zone tax exemption.**
 - OEDA no position.
 - In committee upon adjournment
- **HB 3015: Modifies requirements for obtaining authorization for enterprise zone exemptions.**
 - OEDA opposed
 - In committee upon adjournment

Enterprise Zones

- **SB 726: Authorizes certain Indian tribes to request Economic and Community Development Department to designate reservation trust land zones.**
 - OEDA supported

Tax Abatements & Tax Credits

- **HB 2159: Provides for transfer of portion of business energy tax credit.**
 - OEDA no position
 - In committee upon adjournment

Tax Abatements & Tax Credits

- **HB 2472: Reduces allowable Business Energy Tax Credits for large energy production projects (over 10 MH) from \$10M to \$3.5M maximum; increases electric vehicle manufacturing tax credit to \$20M maximum; provides for other accountability measures by ODOE in certifying projects for the tax credit. OEDA no position**

Tax Abatements & Tax Credits

- **HB 3095: Creates income tax credit for capital improvements to business facilities or homes that are commenced prior to later of September 1, 2009, or effective date of Act.**
 - OEDA no position

Tax Abatements & Tax Credits

- **SB 878: Creates Oregon New Markets Development Program.**
 - OEDA no position
 - In committee upon adjournment
- **SB 887: Creates income tax credit for qualified investments in new machinery and equipment.**
 - OEDA no position
 - In committee upon adjournment
- **HB 2067: Assigns sunset dates for legislative review before 2012, 2014 and 2016. For economic development programs sunset dates include: (before January 1, 2012, Film Production Development Contributions, Long-term Rural Enterprise Zone, Electronic Commerce Enterprise Zone, Business Energy Facilities; before January 1, 2014, the Reservation Enterprise Zone Program)**
 - OEDA watched

Tax Abatements & Tax Credits

- **SB 192 – Reauthorizes an Historic Properties Special Tax Assessment program in Oregon by including: reducing the benefit to 10 years (from current 15) for residential and commercial restorations; provides special handling by counties for condominium development in historic structures to capture appropriately higher level of property taxes; allows an additional 10 years (from current 15) of program for commercial or residential restorations related to special investment requirements to maintain property; requires 10% investment of original market value by owner of any property to receive tax benefit in the initial or additional period, and allows local historic property bodies to disallow property tax benefits for second terms of residential properties.**
 - OEDA watched

Tax Abatements & Tax Credits

- **SB 621 – Increases the annual cap on the amount of tax credits available for the Oregon Production Investment Fund from \$5 million to \$7.5 million to encourage more film production in Oregon. Clarifies the kind of film producer expenses eligible for reimbursement from the fund.**
 - OEDA watched

Tax Abatements & Tax Credits

- **HB 2180: Requires that ODOE (in consultation with PUC and Oregon Business Development Dept.) to prepare a report on the financial aspects of wind energy and conservation projects certified in the business energy tax credits to wind energy projects. Direct the study to include capital investments, federal and state tax incentives, revenues, costs, and return on investment. States that the purpose of the report is to determine the extent to which facilities depend on state incentives for initial and continued operation.**
 - OEDA watched

Urban Renewal

- **HB 3056: Reforms Oregon's urban renewal program to: provide for limitation on maximum indebtedness, based on the size of an urban renewal district (small, medium and large) according to the amount of assessed value in the district that serves as the frozen base; provides a mechanism to recalculate the division of tax (or release of value by sharing a portion of the tax increment with overlapping taxing jurisdictions; limits substantial plan amendments increasing indebtedness by more than 20% of the original plan by requiring concurrence by all taxing jurisdictions (if less than 20% a consult-and-confer process is to be used); and provides a slightly different variation on these provisions for Multnomah County and the City of Portland due to the size of their district. New provisions apply to all new urban renewal plans and all substantial amendments to existing plans.**
 - OEDA supported

Urban Renewal

- **HB 2615: Requires majority approval by county governing body of urban renewal plan proposed, substantially amended or extended in area by city of 300,000 within county boundaries.**
 - In committee upon adjournment
 - OEDA watched
- **HB 2089: Allows The Dalles and Lake Oswego to convert their urban renewal plans to a reduced rate plan so that the taxing districts can receive their property taxes from general obligation bonds and local option levies, outside the urban renewal plans for years following the election of the urban renewal district. This reduces the cost to the taxpayers over time.**
 - *OEDA supported*

OECD Reorganization and Budget

- **HB 2152: Renames OECD to Oregon Business Development Department and establishes an Infrastructure Finance Authority (with county representation) as a separate and distinct part of the agency; discontinues Regional Investment Boards and replaces it with a Local Economic Opportunity program, but with no funding identified in the current biennium.**
 - OEDA supported



OECD Reorganization and Budget

- **HB 5008: Authorizes OECD, now Oregon Business Development Department, to receive lottery and general fund moneys and expend federal funds for their various business and infrastructure programs, as well as the Oregon Arts commission, the Film and Video Office and authorizes the Cultural Trust to expend moneys from contributions and license plate sales. Lottery Funds, which are the principal source of funding for the department programs, are not authorized in HB 5008, but in the Lottery Allocation bill (SB 5534). The bill approves a one-time fund shift of \$10 million from fund balances of the Special Public Works Fund and the Water Fund to be used for other purposes of the department. It also approves funding for specific Oregon Innovation Council initiative including: Oregon Nanoscience and Microtechnologies institute (\$5.6 million), Oregon Translational Research and Drug Development Institute(\$2.5 million), Built Environment and Sustainable Technologies Center (\$2.75 million), Oregon Wave Energy Trust (\$3 million), Northwest Food Processors Innovation Productivity Center (\$1.6 million), and Community Seafood Initiative (\$450,000).**
 - OEDA supported

OECD Reorganization and Budget

- **HB 3199: Among many program changes and changes to funding from other bills, authorizes the newly renamed OBDD to use \$10 million of Special Public Works Fund balances for other permitted department operations this biennium; reduces \$5 M biennial allocation to counties to be used for State purposes from 2 % video lottery allocations to counties); allocates \$3,043,303 Lottery Funds for county fairs; allows Oregon Progress Board to accept contributions for operations and to enter into agreements with state agencies or nongovernmental entities to perform services.**
 - OEDA watched

OECD Reorganization and Budget

- **HB 5505: Limits the maximum amount of bonds and COPs to be issued by agencies, including a total of lottery revenue bonding limit for the State at \$274, 300,000. Limits include: \$17,526,252 for OBDD infrastructure loan programs; \$100 million for Connect Oregon projects; \$11,271,656 for County Court Facilities infrastructure projects; \$7.8 million for FEMA projects at Tillamook; \$5 million for HB 2626 purposes; \$3,552,399 for the Coos Bay Railway project, \$3.5 million for water development projects and administration; \$2 million for Port of Morrow Education Center; \$2.6 million for Lane Transit's West Eugene EmX project; \$1 million for Pendleton Roundup; \$22,355,000 for Higher Ed and \$13,700,000 for Community College projects authorized elsewhere.**
 - OEDA supported

OECD Reorganization and Budget

- **HB 5534: Allocates Lottery Funds to various agencies including \$2 M to the Governor's ERT, with one-half (\$1,023,139) from counties video lottery funding; authorizes allocation of video lottery moneys to the counties, with a reduction of \$5 million from total net revenues—estimated distribution is \$34,087,557, less one-half of ERT funding; allocates funding for debt service on outstanding lottery revenue bonds including all transportation bonding, OBDD infrastructure loan programs, loan programs at Oregon Dept. of Energy, Coos Bay Railway project, and water development projects and for development at Water Resources Dept. of an integrated water resources strategy, the Port of Morrow Education Center, Lane Transit's West Eugene EmX project, infrastructure improvement at the Pendleton Roundup.**
 - OEDA supported

OECD Reorganization and Budget

- **HB 5535: Authorizes issuance of lottery bonds for identified projects, including those in agency budget bills and in SB 5505 and lottery allocations of HB 5534.**
 - OEDA supported

PASSED

Next 9 months (or so...)

- Legislature will reconvene in February 2010 for second experiment on “short session” in 22 year of biennium
- Special election on January 26, 2010?
 - If referred taxes are not upheld
 - At least \$730M (probably more) in cuts
- Loose ends from 2009 session
 - HB 2067 - BETC sunset concerns
 - HB 2180 - BETC report; also possible “re-do” of HB 2472
 - HB 2152 – Review of implementation of “Business Oregon”