



SB 1586: Sollman's Jobs Bill

Expands Research & Development tax credits

- Broadens use from semiconductors to biotech and alternative energy.
- Continues up to \$4 million in refundable tax credits per taxpayer, provided in order of receipt rather than on a competitive basis with the \$4M decreased for larger companies.
- Makes credits available to Intel & other companies with 3000+ employees while reserving an unstated portion of the funds for smaller companies.
- Doubles the amounts available until 2029, adding \$220 million to the cost and
- Extends the credit from 2030 to 2036.

Allows a new property tax break of up to five years for equipment and machinery of advanced manufacturing businesses.

- Establishes no job creation requirements or limitations to number of times used by a business, even after the 10 or 15 year property tax exemptions.
- New equipment often eliminates jobs, for example in the timber industry.

Enterprise zone exemption is doubled

- Increases the 3-5 year property tax exemption to 3-10 years.
- Continues to allow data centers to use all three of our property tax exemptions, the cost of which grew from \$330M to \$457M in the last year.
- Other taxing districts remain unable to stop an enterprise zone expansion that will diminish their tax base, as enterprise zone sponsors only need to "consult" with others.
- Zones in Portland and Salem MSAs continue to have to state-set wage requirement.

Even without this change the cost of the 3-5 year exemption is anticipated to grow from \$120M to \$236M between last biennium to this. We need to know the cost of this change.

Oregon Site Readiness Loan Fund's refunding of 50% of employee's income taxes is made easier

- What is the loan fund?
 - A site readiness project can be established and get money from the program as a loan.
 - The project sponsor can then collect back 50% of the income taxes of the employees to pay back up to 50% of the loan.
- Aggregates job numbers required from 25 per employer to 25 per site for rural sites and 50 per urban site required for the sponsor to use 50% of the income taxes of employees as loan repayment.
- Includes no definition of what a site is.
- Can one of these sites also be in an enterprise zone or a TIF district?

Tax Loss: Under these provisions of the bill, a business is paying no property taxes for up to 10 years, and perhaps additional years with no taxes on equipment, and the state is keeping only 50% of the taxes of the employees while the taxes of the employer are never mentioned. And if also in a TIF district, it could redirect property taxes away for services for decades more after the enterprise zone exemption ends. This is devastating for fire districts, libraries, etc. Lost school funds will need to be backfilled by the General Fund.

Permitting

- State agencies create new inventory of permits for economic development within 120 days. This should allow good data for analysis of why permitting is slow and what changes need to be instituted.
- Fee relief if the agencies don't meet their new self-imposed goals for speedy processing of applications.
- There are several other bills on the permitting issue. There needs to be a workgroup to create one bill.

Land use changes

- Allows an additional 1700 acres of farmland to be changed to industrial land increasing the size of Hillsboro by 11%, 40 years ahead of schedule. And Hillsboro will want site readiness or RSIS money to prepare this land.