



HB 4084 Brownfield Incentives

Testimony for House Revenue – Jody Wisner

The proposed brownfield incentives bill would improve the ability of local districts to encourage cleanup of contaminated sites in their districts. This bill allows local jurisdictions to establish a special program providing property tax abatement up to the cost of the clean-up of qualifying sites. This bill contains clawbacks, requirements for local taxing district buy-in, a 10-year benefit period, and a sunset of 2037.

Tax Fairness Oregon (TFO) supports efforts to clean up the approximately 1200 brownfield sites in Oregon and recognizes that this investment improves the livability and economic health of our communities. However, we also realize that property tax abatements impact revenues allocated to k-12 education across the state, thus local decisions impact the whole state.

Therefore, TFO supports the concept of HB 4084 with the following suggestions:

- 1. The bill should include a ceiling to limit the potential impact to General Fund revenues**, either locally or statewide. We recommend a cap on annual tax abatements, either indexed to the education budget (such as 0.1% of the biennial budget) or a fixed amount, e.g. \$20 M per year. There are several ways to do this but perhaps the easiest would be to have the Dept. of Revenue or Business Oregon review Brownfield tax reductions for the year and hold them beneath the cap, and if they exceed this cap, to reduce the authorization for new projects for the following year.
- 2. TFO feels the sunset provision is too long.** We suggest a sunset of 2024, placing it with other economic development tax expenditures for periodic review, but not the very close 2018 sunset. The effectiveness of this program should be reviewed long before 2037.
- 3. The bills needs an amendment to limit applicability to brownfield sites that have been in non-productive use for more than 5 years**, unless a critical local health or environmental hazard has been identified. This will encourage the cleaning up of older sites first.
- 4. TFO supports raising the “buy-in” from other taxing entities from 51% to 75%** as was expressed by the proponents of the bill during the February 1 hearing.
- 5. TFO advocates a dollar cap on the total tax benefit that can be applied to individual projects.** Our concern is that one or several large brownfield projects, assuming there is a cap on total annual tax breaks, might overwhelm the process and reduce the ABILITY OF statewide benefits from remediating a large number of small neighborhood projects.

The limiting of the abatements to actual costs and the provision of “clawbacks” for non-performance of approved clean-ups is essential.