



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: 8/18/11)

Board Clerk Use Only

Meeting Date: 4/25/13
Agenda Item #: R.8
Est. Start Time: 10:25 am
Date Submitted: 4/10/13

Agenda Title: **Resolution adopting an updated Strategic Investment Program Policy for Multnomah County**

Requested Meeting Date: Postponed from 4/18/13 Time Needed: 25 minutes
Department: Non-Departmental Division: Economic Development
Contact(s): John Tydlaska
Phone: 503-988-6277 Ext. I/O Address: 503/6
Presenter Name(s) & Title(s): John Tydlaska, Economic Development Director

General Information

1. What action are you requesting from the Board?

Adopt an updated policy that sets forth the procedure to be followed by a company that submits an application for an abatement of property taxes under the Strategic Investment Program (SIP) and the process to be followed by Multnomah County in reviewing and evaluating such an application.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The SIP is an economic development instrument created by the Oregon Legislature in 1993 for the purpose of attracting large-scale industrial and commercial investments. The SIP provides a fifteen-year property tax abatement on qualifying investments that are greater than \$100M in urban areas and \$25M in rural areas. During the abatement period, companies do not pay property taxes on the market value of their investment that exceeds \$100M (\$25M in rural areas), but they do pay a fee equal to 25% of the foregone taxes, not to exceed a total of \$2M (\$500K in rural areas) per year, to local taxing jurisdictions.

Investments of this size represent a long-term commitment by a company to maintain operations in a particular location, which helps ensure long-term employment opportunities for residents. As such, competition between jurisdictions for attracting these types of investments is strong within the United States and at the global level, and the SIP is one of the most powerful tools available to help maintain Oregon as an attractive location for companies to make these types of investments.

The only way for a company to obtain a SIP is for the county in which the company seeks to locate to approve the company's SIP application and forward it to the State of Oregon. Requiring the SIP to be approved by the county is appropriate because a project that receives a SIP frequently creates additional burdens on the public services that are provided by local jurisdictions such as counties that rely heavily on the very property taxes that are abated by a SIP.

SIP projects create minor, if any, additional burden on public services provided by the State of Oregon, and these additional burdens on the State typically are more than offset by the increase in personal income tax revenues that the State receives from the new employees.

Accordingly, the 2004 Multnomah County Strategic Investment Program Policy (2004 SIP Policy) sought to mitigate the unfunded burdens on Multnomah County from SIP projects by requiring SIP recipients to develop plans to minimize their impact on local public services. No project has received a SIP abatement in Multnomah County since the enactment of the 2004 SIP Policy.

With the creation of the Shared Services Fund (Gain Share) in 2007, the Oregon Legislature strengthened the SIP by using half of the income tax revenue that the State receives as a result of jobs created or retained by the SIP to mitigate the impact of foregone property tax revenues on counties and other local jurisdictions when a SIP is granted.

In light of how Gain Share mitigates the impact of foregone tax revenues, the County has decided to review the mitigation measures identified in the 2004 SIP Policy and update the County's approach to evaluating new SIP projects.

3. Explain the fiscal impact (current year and ongoing).

Enactment of the updated policy will have no fiscal impact in the current year or any subsequent year. If and when a SIP is enacted, it will be possible to estimate the impact of such a project at that time.

4. Explain any legal and/or policy issues involved.

This policy would replace the existing 2004 SIP Policy.

5. Explain any citizen and/or other government participation that has or will take place.

The County must hold a duly-noticed public hearing on any proposed SIP project before forwarding the SIP application to the State of Oregon for processing. In addition, the County will enter into an agreement with the city in which the SIP project would be located as well as certain other special jurisdictions as outlined in state statutes.

Required Signature

Elected
Official or
Department

Director: Marissa Madrigal /s/

Date: 4/10/13