

**HOUSE COMMITTEE ON**  
**TRADE AND ECONOMIC DEVELOPMENT**

**May 9, 2005 Hearing Room 343**

**8:30 A.M. Tapes 71 - 72**

**MEMBERS PRESENT:       Rep. John Lim, Chair**

**Rep. Scott Bruun, Vice-Chair**

**Rep. Peter Buckley**

**Rep. Donna Nelson**

**Rep. Chuck Riley**

**MEMBER EXCUSED:       Rep. Jeff Merkley, Vice-Chair**

**Rep. John Dallum**

**STAFF PRESENT:         Jim Stembridge, Committee Administrator**

**Erin Seiler, Committee Assistant**

**MEASURES/ISSUES HEARD:**

**SB 879A – Public Hearing and Work Session**

**These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.**

<b>TAPE/#</b>	<b>Speaker</b>	<b>Comments</b>
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**TAPE 71, A**

001 Chair Lim Opens the meeting at 8:41 a.m. Opens a public hearing and work session on SB 879A.

**SB 879A – PUBLIC HEARING AND WORK SESSION**

006 Jim Stembridge Committee Administrator. Explains SB 879A, which modifies Strategic Investment Program.

015 Senator Laurie Monnes-Anderson Senate District 25. Testifies in support of SB 879A.

035 Ron Papsdorf Representative, City of Gresham. Explains the relationship SB 879A of to the City of Gresham.

076 Rep. Nelson Asks if the City of Gresham is an enterprise zone.

079 Papsdorf States that Gresham does not have an enterprise zone.

084 Rep. Nelson Asks why Gresham is not an enterprise zone designation.

089 Papsdorf Explains why Gresham does not have an enterprise zone designation.

108 John Fregonese President, Fregonese-Calthorpe Associates. Submits and summarizes City of Gresham Springwater Community Plan PowerPoint presentation (**EXHIBIT A**).

203 Fregonese Explains why the modifications to the Strategic Investment Program (SIP) are advantageous to the City of Gresham (**EXHIBIT A, Page 10**).

232 Rep. Buckley Asks for an explanation of the public comment process and what issues have been brought forward.

235 Fregonese Speaks to the amount of community involvement in the planning process and land use decisions for Springwater Corridor.

252 Rep. Nelson

Asks who is responsible for financing the development of transportation, sewer/water, and education infrastructure.

- 274 Fregonese Explains how the City of Gresham will finance the capital infrastructure development and enhance marketability of Springwater Project to private industry.
- 299 Papsdorf Summarizes how SB 879 will streamline designation of strategic investment zones and how the modifications to SIP will expedite private development.
- 333 Chair Lim Asks how Clackamas County will be incorporated into Springwater Project.
- 337 Papsdorf Addresses how adjacent municipalities will be incorporated into the capital infrastructure development process and Springwater Project.
- 362 Chair Lim Asks if the Springwater Project will be affected by a provision that would allow special districts to “opt-out” of enterprise zones.
- 375 Papsdorf Speaks to the annexation process in Gresham and desire of property-owners along the Springwater Corridor to be annexed into city.

**TAPE 72, A**

- 002 Chair Lim Identifies the “crux” of SB 879.
- 010 Papsdorf Summarizes the “crux” of SB 879.
- 019 Rep. Nelson Asks how the city will attain the property rights to land along Springwater Corridor, specifically asking if the City of Gresham will utilize eminent domain authority.
- 024 Papsdorf Explains how the acquisition of private property will be subject to free-market value prices and summarizes the new zoning rights of property owners under Measure 37.
- 044 Rep. Bruun Asks if the designation of a strategic investment zone prevents potential zoning claims under the provisions of Measure 37.

051	Papsdorf	Explains that the major impact of the change in urban zoning is to the relative value of land.
058	Chair Lim	Asks how modifications to SIP could be utilized statewide.
069	Arthur Fish	Business Incentives Coordinator, Oregon Economic and Community Development Department (OECDD). Explains how modifications to SIP could potentially be utilized by communities statewide.
090	Chair Lim	Asks if a county can create a strategic investment zone without designating a specific project.
096	Fish	Confirms that a county could “pre-designate” a strategic investment zone.
099	Rep. Riley	Asks it is accurate to describe strategic investment zones as “upscale enterprise zones.”
104	Fish	Explains that the lack of hardship requirement and “fairly huge” investment threshold does could result in such a characterization.
113	Rep. Riley	Verifies that strategic investment zone limitations would be per company, not for the whole zone.
116	Fish	Explains how a SIP zone could have several major investments.
123	Rep. Nelson	Asks how much tax revenue would be “given up” within a zone.
128	Fish	Explains how the balance of the tax exemption and community investment make it difficult “to say what is given.”
147	Papsdorf	Explains how SIP is intended for sizable companies otherwise would not invest in Oregon.
160	Rep. Nelson	Questions the length of the tax abatement of strategic investments zones and enterprise zones.
169	Fish	States that the tax exemption for enterprise zones is 100 percent for only three years.

180	Rep. Nelson	Asks if there is a sunset on strategic investment zones, if not what is the guarantee that the company will stay.
189	Fish	Explains how the program allows local governments to control length of tax exemption.
214	Rep. Nelson	Asks whether the county or city receives the fees associated with SIP.
224	Fish	Summarizes the distribution of community fees associated with SIP.
241	Rep. Nelson	Asks why SB 879A did not pass the Senate Chamber with a unanimous vote.
250	Papsdorf	Comments on why the bill did not receive unanimous consent in the Senate.
258	Papsdorf	Speaks to the long-term development vision for Gresham.
281	Chair Lim	Asks whether Multnomah County or the City of Gresham is sponsoring the designation of the zone.
285	Papsdorf	Explains what intergovernmental agreements are necessary for establishing strategic investment zones and for the distribution of community service fees.
306	Chair Lim	Comments on the ability to support local infrastructure and schools with decrease in tax revenue.
326	Papsdorf	Reiterates how strategic investment zones will add value to a community via the partial tax exemption, corporate investment, and community service fees.
339	Chair Lim	Asks if residential dwellings built in strategic investment zones are eligible for tax exemption.
346	Papsdorf	Speaks to the intention of Gresham to focus on development only within the boundaries of designated strategic investment zone.
376	Fish	Explains why residential development and retail businesses could not locate in a strategic investment zone.

406 Chair Lim Asks for a definition of traded-sector company.

**TAPE 71, B**

003 Fish Defines traded-sector company.

014 Chair Lim Questions the equity of strategic investment zones.

020 Fish Acknowledges why questions of direct competition and equity are a concern, noting that economic development “is a balancing act.”

036 Chair Lim Comments on the importance of establishing a “fair and balanced approach” to economic development.

045 Rep. Nelson Questions why 1300 housing units are included in the project.

056 Fregonese Addresses reasons why residential developments were included in strategic investment zone prospectus.

100 Rep. Riley Verifies that even if an entire city was designated as a strategic investment zone, only a business who meets eligibility criteria would receive tax exemption.

115 Papsdorf Reaffirms that SB 879A only streamlines eligibility process and does not expand eligibility.

120 Rep. Nelson Questions the need for SIP approval process, if only specific businesses could utilize tax incentives.

123 Papsdorf Acknowledges how the question of necessity is a discussion that needs to occur at the local level.

131 Rep. Riley Clarifies that this program will allow local governments to make economic development decisions individually.

134 Chair Lim Asks if SIP primarily impacts counties and cities.

138 Fish Explains how SIP impacts both local and state government.

145	Chair Lim	Suggests that the state is “giving out too much to attract business to the state,” asking what evidence is there that SIP has had a clear positive effect.
162	Fish	Explains how the state has gained from SIP.
192	Chair Lim	Closes the public hearing and work session on SB 879A.
201	Chair Lim	Adjourns the meeting at 9:51 a.m.

### **EXHIBIT SUMMARY**

- A. SB 879A, City of Gresham Springwater Community Plan PowerPoint Presentation, John Fregonese, 10 pp**