

METRO
2019 LEGISLATIVE ISSUE IDENTIFICATION

Department: GAPD

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ISSUE: 2019 Brownfield legislation

BACKGROUND: Thousands of properties around Oregon are vacant or underutilized because of known or perceived environmental contamination. These brownfield properties can be found in virtually every city and county but are disproportionately located in the Portland region. They constitute unrealized assets with the potential to help communities meet multiple goals relating to livability, economic development, environmental protection, equity, and efficient use of land and existing infrastructure. At the local level, these vacant and underutilized properties undermine neighborhood livability and can threaten human health and environmental quality. Redeveloping these sites enables local governments to generate greater tax revenues due to the increased value of the redeveloped and neighboring properties.

In 2014, Metro led the creation of the Brownfields Coalition, a group that has grown to include over 50 public, private and community organizations seeking solutions to the problems associated with brownfields. The coalition adopted a four-part legislative agenda for 2015 that included recapitalization of the state's Brownfield Redevelopment Fund (BRF), the establishment of a state brownfields tax credit, and legislation authorizing the creation of local brownfield land banks and local property tax incentives for brownfield cleanup and redevelopment. By the end of the 2016 session, the Legislature had enacted all of the Coalition's initial objectives except for the brownfields tax credit.

Even though earlier modeling suggested that a brownfields tax credit would have a very positive return on investment for the state, coalition members were aware from the start that enacting a tax credit was a big political lift, given that it requires state resources and given the difficult environment for tax credits in general. We introduced a brownfields tax credit bill (HB 2289) in 2015 and were able to air the issues, but focused most of our efforts that year on the other agenda items that were easier to pass. Then one of our legislative champions asked the Legislative Revenue Office to study a brownfields tax credit during the interim after the 2016 session. That work provided useful background for our subsequent efforts.

The Brownfields Coalition's legislative committee has been working to refine the bill we introduced in 2015 and expects to make a more concerted and sustained effort to pass it in 2019. We are also contracting for an updated, statewide return on investment study since the data we have is several years old and focused on the greater Portland region. This and other ongoing work will help make the case for this legislation.

In addition, Business Oregon is requesting that the BRF be recapitalized once again in 2019 since demand and cleanup costs have both increased. Members of the Oregon Brownfields Coalition are submitting a letter of support urging the Governor to include this request in her recommended budget and plan to support the request in the Legislature as well.

RECOMMENDATION: Support the creation of a state tax credit for brownfield cleanup and redevelopment. Support recapitalization of the state's Brownfield Redevelopment Fund.

LEGISLATIVE HISTORY: As noted above, the Brownfields Coalition has been working to advance legislation on these topics since 2015.

OTHER INTERESTED PARTIES: Members of the Brownfields Coalition, who include business organizations, local governments, and environmental and community groups. Because a tax credit reduces state income tax revenues, we may encounter concerns from groups that watchdog the state budget and from advocates for other tax credits that compete for the same scarce resource.

IMPACT IF PROPOSED ACTION OCCURS: A brownfields tax credit would provide incentives for the cleanup and redevelopment of brownfield properties, which in turn will lead to job creation and increased tax revenues at the local and state levels, in addition to the environmental and social benefits of eliminating contamination. In the Portland metropolitan region, brownfield cleanup can result in more land with existing infrastructure being available for productive urban uses within the existing urban growth boundary. Reports produced for Metro and Portland have shown that a brownfields tax credit is likely to generate positive financial return on public investment within a short time frame (1-5 years). (As noted above, an updated, geographically broader analysis is under way.)