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Airport urban renewal bill may not get off the ground in the Legislature

Legislature — Sportsman Airpark among airports that would benefit from funding

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SALEM — Supporters and opponents of a bill that would allow rural airports to use tax increment financing to make improvements voiced their opinions during a recent Senate committee hearing.

The Senate Business, Transportation and Economic Development Committee held a public hearing March 29 on Senate Bill 904 and members of the committee heard both the pros and cons of allowing rural airports to use urban renewal.

Mitch Swecker, interim director of the Oregon Department of Aviation, described the bill as giving a source of revenue for rural airports that can't normally access money from sources such as the Federal Aviation Administration. The bill could lead to public-private partnerships that could increase jobs and the number of businesses on rural airports.

He said the ODA does not have a position on the bill.

However, at the Oregon State Aviation Board meeting two days after the hearing, Swecker addressed the bill, asking the board to take a position on the controversial legislation.

"We have supported bills like this in the past," said board vice chairman Chris Corich.

The aviation board could decide to recommend the bill sometime in the next month, but it is unclear if the bill

will continue moving forward in the Legislature this session.

What SB 904 does

The bill directs the Oregon Business Development Department to establish a program that would allow rural airports such as Aurora State Airport, Mulino Airport, Lenhardt Airpark and Sportsman Airpark in Newberg to create airport urban renewal districts that could capture up to 50 percent of increases in property taxes when new development or expansions increase property values.

Any rural airport urban renewal districts would have to get the approval of "all cities, counties and other local property taxing jurisdictions" whose land would be included in the district before it could be created, according to the bill.

Although the bill states that a rural airport is defined as one that doesn't have an air traffic control tower, Aurora State Airport is specifically listed in the bill as being included in the proposal.

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Under the bill, the ODA and the OBDD would each receive 2.5 percent of the money raised in the urban renewal districts created around local airports, for administrative costs.

Opinions split

Sen. Fred Girod (R-Stayton), a member of the Senate Business, Transportation and Economic Development Committee, said late last week the bill would negatively affect local government finances.

"Currently, local government receives \$10 of every \$1,000 collected from property tax, which is then distributed among all of the special districts present within their boundaries," he said after the hearing. "Most areas in our state are under compression, meaning the districts are competing for their share of the local government money. If this bill passed, it would create yet another taxing district to compete for this pot of money.

"In short, this new district would essentially be taking a portion of the money that currently funds public safety services. While I believe this bill advocates for a just cause, I cannot support the funding mechanism identified in this bill."

Other opponents of the bill said it would take away much needed revenues from cities, fire districts and schools.

Proponents of the legislation said all taxing agencies in the district would have to agree on the creation of an urban renewal district before it could happen.

The bill is a continuation of Senate Bill 439, introduced in the 2009 Legislature. During that session it received a public hearing and work session, but didn't move out of the Senate.

This year, Senate Bill 904 had a hearing at which nine people testified. As of last week, it was unclear whether the bill would get a work session followed by a committee vote.

Sen. Lee Beyer (D-Portland) is the chairman of the committee and brought the bill forward for a public hearing. His staff said last week that no decision has been made on the bill.

The Aurora Fire District took a hard stand against the bill before the hearing, with a letter from Fred Netter to Beyer questioning the amount of attention it has received.

But airport business owners, such as Southend Airpark owner Ted Millar, said the bill is needed to help build fire facilities, improve roads around airports and fix utilities, such as sewer and water services.

"This bill is about jobs," Millar told the committee.

Jerry Dale, president of Sportsman Airpark, told the committee the bill would help airports that don't qualify for Federal Aviation Administration funding for improvements.

"This bill does not force any jurisdiction to participate," he said. "A district can only be formed with the consent of all local taxing entities."

Urban renewal stakeholders opposed

However the bill ran into opposition from several urban renewal stakeholders, including the Oregon Special Districts Association, the Association of Oregon Redevelopment Agencies and the League of Oregon Cities.

Mark Landauer, with the Oregon Special Districts Association, told the committee he believes the bill is flawed because it doesn't include the local tax assessor in determining the property value to make sure they are split in the proper way.

"We are opposed to this bill," Landauer told the group.

One of the more surprising opponents to the bill is the Association of Oregon Redevelopment Agencies, a statewide association of urban renewal agencies supporting development and redevelopment.

In a letter to the committee, the group said that during the last legislative session, an agreement was made over House Bill 3056 between the urban renewal stakeholders. That bill put limitations on urban renewal districts.

"In addition, the collaborative partners made written commitments to cooperate and communicate on future issues relating to urban renewal districts and tax increment financing," the letter from the AORA reads.

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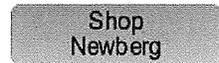
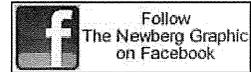
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