



## SB 246A -- the Industrial Land Readiness Program

SB 246A will subsidize 100% of the cost of large industrial shovel-ready sites through cost repayment or 50% of the cost through loan forgiveness.

**If the legislature must try a pilot of this concept, they must amend SB246A** from the current language to *recommended changes*.

- Cost to the General Fund is unlimited in the cost repayment feature in SB 246A. *A cap is needed, like no more than \$10 million in future state revenue should be committed to the pilot of this idea.*
- Subsidized costs can include everything from land purchase to grading, brownfield cleanup, wetland mitigation, utilities, streets and sidewalks. *Remove land acquisition costs, interest and brownfield cleanup.*
- State uses ½ the income taxes of the employees to forgive 50% of the loans or to reimburse 100% of development costs of local entities if one or more traded sector jobs is created on the site within 7 years. *Change to forgive 20% of loans or reimburse 20% of costs.*
- Jobs need pay only the lesser of the average state or county wage. So the state could subsidize jobs paying \$44,000 in Washington County where the average wage is \$56,000. *Change language to "120% of average county wages."*
- No loan terms are described in the bill. Interest rates, repayment terms, and security requirements should be policy decisions, but the bill leaves them to OBDD staff. *Describe loan terms.*
- The bill contains no sunset date. *Sunset in two years so the legislature can monitor the program.*
- Each year for 15 years the state could lose 100% of the income taxes of new employees if a business on one of these new industrial sites is also in the Strategic Investment Program where the state also returns to local entities ½ of the taxes of the employees. *Exclude properties with SIP agreements from participation.*

SB 246A, now in the Ways & Means Transportation and Economic Development Subcommittee. Public entities must sponsor the land acquisition and site readiness program, but who gets the benefit is not clear -- it could be the land owner, the business, the jurisdictions and service districts, the project sponsor or some combination thereof. But clearly, dollars from the state would be new money to these efforts, and it will be going to someone.