

**ITEM FOR ACTION****STRATEGIC INVESTMENT PROGRAM SCHOOL SUPPORT FEE****SUMMARY**

House Bill 2009 requires school districts with identified enterprise zones within the district boundaries to establish a “school support fee” rate for businesses that qualify within the enterprise zone. Revenues from the fee will be redistributed statewide via the school funding equalization formula. The district recommends establishing this fee at the lowest allowable rate.

**BACKGROUND**

During the 2023 Legislative Session, House Bill 2009 was passed and signed into law. The bill included provisions that created a new “school support fee” to be paid to school districts in lieu of property tax by businesses that are granted property tax exemptions in both standard enterprise zones and long-term rural enterprise zones. The school support fee applies to years 4 and 5 of a standard enterprise zone and years 6 to 15 of a long-term rural enterprise zone.

The school support fee rate must be set between 15% and 30% of the amount the qualifying business would have otherwise paid in property taxes in the years the fee applies to. For example, if the business would have been assessed \$10,000 in school district property taxes if there were not an exemption for the enterprise zone, that business would now pay a school support fee between \$1,500 and \$3,000 depending on what rate is set for that enterprise zone.

The school support fee will be paid to school districts and will be counted as district local revenue in the State School Fund formula, similar to the existing process in which locally collected property taxes are calculated into the State School Fund formula. The effect is that the revenue received from the school support fee will be redistributed statewide via the school funding equalization formula rather than solely benefiting the individual districts.

After discussion with the City of Beaverton and City of Hillsboro, the district recommends establishing the rate of 15% for enterprise zones within our district boundaries, the lowest allowable amount under the new legislation. It is the hope of our city partners that establishing a low rate for this required fee will help to attract businesses to our district.

**RECOMMENDATION**

It is recommended that the board approve resolutions 24-430B and 24-430C and establish the school support fee rate of 15 percent.

**SUGGESTED MOTION**

I move to approve the strategic investment program school support fee and resolutions as recommended.

**Belong. Believe. Achieve.**