

A-Engrossed
House Bill 2053

Ordered by the House April 11
Including House Amendments dated April 11

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor Kate Brown for Oregon Business Development Department)

Corrected Summary

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Modifies provisions related to employment and employee compensation for Oregon Business Retention and Expansion Program, enterprise zones, long term incentives for rural enterprise zones and business development income tax exemption. [*Limits amount of business firm's income eligible for small city business development income tax exemption.*]

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to economic development; creating new provisions; amending ORS 284.101, 285A.010,
3 285A.020, 285A.075, 285B.059, 285B.410, 285B.600, 285B.626, 285C.050, 285C.090, 285C.160,
4 285C.165, 285C.400, 285C.412, 285C.415, 285C.420, 285C.500, 285C.503, 317.124 and 317.391; and
5 prescribing an effective date.

6 **Be It Enacted by the People of the State of Oregon:**

7 **SECTION 1.** ORS 285A.010 is amended to read:

8 285A.010. As used in [*ORS 284.101 to 284.148 and*] ORS chapters 285A, 285B and 285C, unless
9 the context requires otherwise:

10 (1) "Administrator" means the administrator of the Oregon Infrastructure Finance Authority.

11 (2) "Association" means a nonprofit, private, incorporated or unincorporated institution, foun-
12 dation, organization, entity or group, whether local, state, regional or national, that is operating or
13 doing business in Oregon.

14 (3) "Authority" means the Oregon Infrastructure Finance Authority.

15 (4) **"Average wage" means the most recently available average annual wage for this state**
16 **or for a county in this state, whichever is less, that has been determined as final by the**
17 **Oregon Business Development Department for an entire calendar year based on amounts**
18 **determined by the Employment Department.**

19 [(4)] (5) "Board" means the Oregon Infrastructure Finance Authority Board.

20 [(5)] (6) "Commission" means the Oregon Business Development Commission.

21 [(6)] (7) "Community" means an area or locality in which the body of inhabitants has common
22 economic or employment interests. The term is not limited to a city, county or other political sub-
23 division and need not, but may, be[,] limited by political boundaries.

24 (8) **"Compensation" means wages, salaries, commissions or any other form of**
25 **remuneration, including, but not limited to, paid leave, overtime or bonuses, that is paid**
26 **annually by a business to an employee for personal services and taxable income of the em-**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 **ployee under ORS chapter 316.**

2 [(7)] (9) “Department” means the Oregon Business Development Department.

3 [(8)] (10) “Director” means the Director of the Oregon Business Development Department.

4 [(9)] (11) “Distressed area” means a county, city, community or other geographic area that is
5 designated as a distressed area by the department, based on indicators of economic distress or dis-
6 location, including but not limited to unemployment, poverty and job loss.

7 [(10)] (12) “International trade” means the export and import of products and services and the
8 movement of capital for the purpose of investment.

9 [(11)] (13) “Local government” has the meaning given that term in ORS 174.116.

10 [(12)] (14) “Municipality” means an Oregon city or county, the Port of Portland created by ORS
11 778.010, a county service district organized under ORS chapter 451, a district as defined in ORS
12 198.010, a tribal council of a federally recognized Indian tribe in this state or an airport district
13 organized under ORS chapter 838.

14 [(13)] (15) “Public body” has the meaning given that term in ORS 174.109.

15 [(14)] (16) “Rural area” means an area located entirely outside of the acknowledged Portland
16 Metropolitan Area Regional Urban Growth Boundary and the acknowledged urban growth bounda-
17 ries of cities with populations of 30,000 or more.

18 [(15)] (17) “Small business” means a business having 100 or fewer employees.

19 [(16)] (18) “State agency” includes state officers, departments, boards and commissions.

20 [(17)] (19) “Traded sector” means industries in which member firms sell their goods or services
21 into markets for which national or international competition exists.

22 **SECTION 2.** ORS 284.101 is amended to read:

23 284.101. As used in ORS 284.101 to 284.148, unless the context requires otherwise:

24 (1) **“Association” means a nonprofit, private, incorporated or unincorporated institution,**
25 **foundation, organization, entity or group, whether local, state, regional or national, that is**
26 **operating or doing business in Oregon.**

27 [(1)] (2) “Commission” means the Oregon Tourism Commission.

28 (3) **“Community” means an area or locality in which the body of inhabitants has common**
29 **economic or employment interests. The term is not limited to a city, county or other poli-**
30 **tical subdivision and need not, but may, be limited by political boundaries.**

31 [(2)] (4) “Executive director” means the executive director of the Oregon Tourism Commission.

32 (5) **“Local government” has the meaning given that term in ORS 174.116.**

33 (6) **“State agency” includes state officers, departments, boards and commissions.**

34 **SECTION 3.** ORS 285A.020 is amended to read:

35 285A.020. (1) The Legislative Assembly finds that:

36 (a) Oregon possesses unique and sustaining virtues that will guide and assist in maintaining the
37 state’s economic health, including but not limited to Oregon’s:

38 (A) Special heritage;

39 (B) Respect for and cultivation of the environment; and

40 (C) Attention to quality of life issues that are important to the state’s economic development,
41 including but not limited to access to quality, affordable child care for all children in Oregon.

42 (b) Oregon is strategically placed to compete and succeed in the global marketplace.

43 (c) All regions of the state should share in Oregon’s economic recovery.

44 (d) Creating and retaining quality jobs are vital to the state’s economic health.

45 (e) Oregon’s agriculture and natural resource industries provide opportunities for beneficial

1 economic enterprise, including sustainable business development activities.

2 (f) A well educated and trained workforce is necessary to support business and industry needs
3 throughout the state.

4 (g) The ability of existing businesses to grow is critical to Oregon's prosperity.

5 (h) The state must utilize its competitive advantages to retain existing businesses and attract
6 new companies and investment into the state.

7 (i) Continued development in Oregon depends on strengthening traded sector industries.

8 (j) International trade and development of international trade are essential for future business
9 development opportunities.

10 (k) Small businesses remain a critical element of the state's economy.

11 (L) Capacity building to support business development in rural and distressed areas is a key
12 component of economic development and revitalization efforts.

13 (m) Oregon's ports are important partners in the state's economic development efforts and are
14 key components of local and state economic development strategies.

15 (n) Improving and enhancing infrastructure is necessary to the state's future economic develop-
16 ment.

17 (o) Federal, state and local agencies working together will continue to enhance industrial site
18 development and other economic development activities.

19 (2) It is the purpose of [ORS 284.101 to 284.148 and] ORS chapters 285A, 285B and 285C to en-
20 able the creation, retention, expansion and attraction of businesses that provide sustainable, living
21 wage jobs for Oregonians through public-private partnerships and leveraged funding and to support
22 economic opportunities for Oregon companies and entrepreneurs.

23 (3) The Legislative Assembly declares that it is the immediate economic strategy of the state to:

24 (a) Promote a favorable investment climate to strengthen businesses, create jobs and raise real
25 wages;

26 (b) Improve the national and global competitiveness of Oregon companies; and

27 (c) Assist and further efforts to retain, expand and attract businesses.

28 (4) To promote the advancement of the Oregon economy and implement the immediate economic
29 strategy of the state, the Oregon Business Development Department shall invest resources in ac-
30 cordance with the following principles:

31 (a) Processes for making public investments and working with local and regional issues must
32 be designed for flexibility so that actions can adapt to the constantly changing conditions and de-
33 mands under which communities and businesses operate.

34 (b) Partnerships among local, state and federal governments and public and private organiza-
35 tions and entities should be strengthened to further the economic strategy of the state.

36 (c) The expected impact of public investment and assistance shall be identified, in terms of
37 measurable outcomes, whenever possible.

38 (d) State, federal and community goals, constraints and obligations should be identified at the
39 beginning of the planning process, and the state should work actively with community partners, re-
40 gions and state and local agencies to address and accomplish their mutual objectives.

41 (5) When the department provides funds or assistance for projects, programs, technical support
42 or other authorized activities pursuant to [ORS 284.101 to 284.148 and] ORS chapters 285A, 285B
43 and 285C, the department shall give priority to projects, programs and activities that:

44 (a) Retain and create jobs and raise real wages;

45 (b) Promote capacity building, emphasizing rural and distressed areas to further economic de-

1 development initiatives;

2 (c) Assist small business creation and expansion;

3 (d) Invest and engage in training a skilled workforce;

4 (e) Retain and expand existing companies and recruit new investment to Oregon;

5 (f) Capitalize on Oregon's competitive advantages and strategically invest resources to offset
6 competitive disadvantages;

7 (g) Support innovation and research;

8 (h) Assist industry clusters to succeed;

9 (i) Market Oregon's advantages;

10 (j) Promote international trade and attract foreign direct investment;

11 (k) Support the development of industrial and commercial lands;

12 (L) Advance the efforts of ports to promote economic development activities; and

13 (m) Build capacity in Oregon's arts and cultural organizations, creative businesses and individ-
14 ual artists.

15 **SECTION 4.** ORS 285A.075 is amended to read:

16 285A.075. (1) The Oregon Business Development Department shall:

17 (a) Implement programs and adopt rules in accordance with applicable provisions of ORS chap-
18 ter 183 that are consistent and necessary to carry out the policies established by the Oregon Busi-
19 ness Development Commission and the duties, functions and powers vested by law in the department.

20 (b) Act as the official state liaison agency for persons interested in locating industrial or busi-
21 ness firms in the state and for state and local groups seeking new industry or business, and maintain
22 the confidentiality of negotiations conducted pursuant to this paragraph, if requested.

23 (c) Coordinate state and federal economic and community development programs.

24 (d) Actively recruit domestic and international business firms to those communities desiring
25 business recruitment.

26 (e) Work with existing Oregon companies to assist in their expansion or help them retain jobs
27 in the state.

28 (f) Consult with local governments to establish regions for the purpose of job development to
29 facilitate economic activities in the region. Regions established for this purpose need not be of the
30 same size in geographic area or population.

31 (g) Establish and operate foreign trade offices in foreign countries in which the department
32 considers a foreign trade office necessary. The department shall use department employees, con-
33 tracts with public or private persons or a combination of employees and contractors to establish and
34 operate foreign trade offices. Department employees, including managers, who are assigned to work
35 in a foreign trade office shall be in the unclassified service, and the director shall set the salaries
36 of such employees. ORS 276.428, 279A.120, 279A.140, 279A.155, 279A.275, 279B.025, 279B.235,
37 279B.270, 279B.280, 279C.370, 279C.500 to 279C.530, 279C.540, 279C.545, 279C.800 to 279C.870,
38 282.020, 282.050, 282.210, 282.220, 282.230, 283.140, 459A.475, 459A.490, 653.268 and 653.269 do not
39 apply to the department's operation of foreign trade offices outside the state.

40 (h) Consult with other state agencies and with local agencies and officials prior to defining or
41 designating distressed areas for purposes of ORS 285A.020.

42 (i) Budget moneys for travel and various other expenses of industrial or commercial site location
43 agents, film or video production location agents, business journal writers, elected state officials or
44 other state personnel to accomplish the purposes of [ORS 284.101 to 284.148 and] ORS chapters
45 285A, 285B and 285C. The department may expend moneys duly budgeted to pay the travel and other

1 expenses of such persons if the director determines the expense may promote the purposes of this
2 subsection.

3 (j) Promulgate rules to govern contracts.

4 (k) Develop strategies to address issues that are necessary and appropriate to Oregon's future
5 and adopt goals that include measurable indicators of success [*Oregon benchmarks*] that show the
6 extent to which each goal is being achieved.

7 (L) Use practices and procedures that the department determines are the best practices for
8 carrying out the duties of the department.

9 (2) The department shall have no regulatory power over the activities of private persons. Its
10 functions shall be solely advisory, coordinative and promotional.

11 (3) Notwithstanding ORS 279A.140, the department may award grants or enter into contracts
12 as necessary or appropriate to carry out the duties, functions and powers vested in the department
13 by law.

14 **SECTION 5.** ORS 285B.600 is amended to read:

15 285B.600. As used in ORS 285B.600 to 285B.620, **and in addition to the definitions under ORS**
16 **285A.010 applicable to ORS chapter 285B:**

17 (1) "Certified employer" means an eligible employer certified under ORS 285B.605.

18 [(2) "Compensation" has the meaning given that term in ORS 314.610.]

19 (2) **"County or state average wage" means the average wage:**

20 (a) **For the county in which an employee works; and**

21 (b) **For all employment, unless the Oregon Business Development Department has**
22 **adopted a rule limiting "county or state average wage" to mean the average wage for private**
23 **sector employment only.**

24 (3) "Eligible employee" means a new full-time **equivalent** employee who:

25 (a) Is paid qualifying compensation [*and*];

26 (b) **Works in operations of an industry in the traded sector; and**

27 (c) Is hired by a certified employer after the employer is certified under ORS 285B.605.

28 (4) "Eligible employer" means an employer that, in the month in which the employer submits
29 an application under ORS 285B.608, **as determined by the Oregon Business Development De-**
30 **partment:**

31 (a) Has at least 150 employees **in or outside this state**[;].

32 (b) Plans to hire at least 50 eligible employees in this state[;]. **For purposes of this paragraph,**
33 **each eligible employee to be hired in a county that is outside all metropolitan statistical**
34 **areas, as defined pursuant to the most recent federal decennial census, shall be counted as**
35 **two employees.**

36 (c) [*Operates in*] **Conducts or plans to conduct operations that benefit** an industry **in this**
37 **state** in the traded sector, as that term is defined in ORS 285A.010[; *and*].

38 (d) Is not **and does not plan to be** a retailer[,] as [*that term is*] defined in ORS 72.8010.

39 (5) "Estimated incremental Oregon Business Retention and Expansion Program tax revenues"
40 means the Oregon personal income tax revenues that are estimated pursuant to ORS 285B.618 to
41 be substantially equivalent to the amount of tax that eligible employees of an eligible employer will
42 be required to pay under ORS chapter 316 as a result of qualifying compensation paid to the eligible
43 employees by the eligible employer in the two consecutive tax years beginning with the tax year
44 following the tax year in which the employer receives certification under ORS 285B.605.

45 (6) "Qualifying compensation" means **compensation that averages at least:**

1 (a) [*Compensation that averages at least*] 150 percent of [*the lesser of*] the county or state average
2 [*annual per employee compensation*] **wage for eligible employees hired in a county in a metro-**
3 **politan statistical area as defined pursuant to the most recent federal decennial census;** or

4 (b) [*If the employees are to be hired in a county that is outside all metropolitan statistical areas,*
5 *as defined by the most recent federal decennial census, compensation that averages at least 130 percent*
6 *of the lesser*] **130 percent** of the county or state average [*annual per employee compensation*] **wage**
7 **for eligible employees hired in a county that is outside all metropolitan statistical areas as**
8 **defined pursuant to the most recent federal decennial census.**

9 **SECTION 6.** ORS 285C.050 is amended to read:

10 285C.050. As used in ORS 285C.050 to 285C.250, unless the context requires otherwise, **and in**
11 **addition to the definitions under ORS 285A.010 applicable to ORS chapter 285C:**

12 (1) “Assessment date” and “assessment year” have the meanings given those terms in ORS
13 308.007.

14 (2) “Authorized business firm” means an eligible business firm that has been authorized under
15 ORS 285C.140.

16 (3) “Business firm” means a person operating or conducting one or more trades or businesses,
17 a people’s utility district organized under ORS chapter 261 or a joint operating agency formed under
18 ORS chapter 262, but does not include any other governmental agency, municipal corporation or
19 nonprofit corporation.

20 (4) “County **or state** average [*annual*] wage” means[:]

21 [*(a) The most recently available average annual covered payroll for the county in which the enter-*
22 *prise zone*] **the average wage where the applicable qualified property that has been granted**
23 **an enterprise zone tax benefit** is located[, *as determined by the Employment Department; or*].

24 [*(b) If the enterprise zone is located in more than one county, the highest county average annual*
25 *wage as determined under paragraph (a) of this subsection.*]

26 (5) “Electronic commerce” means engaging in commercial or retail transactions predominantly
27 over the Internet or a computer network, utilizing the Internet as a platform for transacting busi-
28 ness, or facilitating the use of the Internet by other persons for business transactions, and may be
29 further defined by the Oregon Business Development Department by rule.

30 (6) “Eligible business firm” means a firm engaged in an activity described under ORS 285C.135
31 that may file an application for authorization under ORS 285C.140.

32 (7) “Employee” means a person who works more than 32 hours per week, but does not include
33 a person with a temporary or seasonal job or a person hired solely to construct qualified property.

34 (8) “Enterprise zone” means one of the 30 areas designated or terminated and redesignated by
35 order of the Governor under ORS 284.160 (1987 Replacement Part) before October 3, 1989, one of the
36 areas designated by the Director of the Oregon Business Development Department under ORS
37 285C.080 before October 5, 2015, an area designated under ORS 285C.065, a federal enterprise zone
38 area designated under ORS 285C.085, an area designated under ORS 285C.250 or a reservation en-
39 terprise zone designated, or a reservation partnership zone cosponsored, under ORS 285C.306.

40 (9) “Federal enterprise zone” means any discrete area wholly or partially within this state that
41 is designated as an empowerment zone, an [*enterprise community*] **opportunity zone**, a renewal
42 community or some similar designation for purposes of improving the economic and community de-
43 velopment of the area.

44 (10) “First-source hiring agreement” means an agreement between an authorized business firm
45 and a publicly funded job training provider whereby the provider refers qualified candidates to the

1 firm for new jobs and job openings in the firm.

2 (11) "In service" means being used or occupied or fully ready for use or occupancy for com-
3 mercial purposes consistent with the intended operations of the business firm as described in the
4 application for authorization.

5 (12) "Modification" means modernization, renovation or remodeling of an existing building,
6 structure or real property machinery or equipment.

7 (13) "New employees hired by the firm":

8 (a) Includes only those employees of an authorized business firm engaged for a majority of their
9 time in eligible operations.

10 (b) Does not include individuals employed in a job or position that:

11 (A) Is created and first filled after December 31 of the first tax year in which qualified property
12 of the firm is exempt under ORS 285C.175;

13 (B) Existed prior to the submission of the relevant application for authorization; or

14 (C) Is performed primarily at a location outside of the enterprise zone.

15 (14) "Publicly funded job training provider" includes but is not limited to a community college,
16 a service provider under the federal Workforce Innovation and Opportunity Act, or a similar pro-
17 gram.

18 (15) "Qualified business firm" means a business firm described in ORS 285C.200, the qualified
19 property of which is exempt from property tax under ORS 285C.175.

20 (16) "Qualified property" means property described under ORS 285C.180.

21 [(17) "Qualified rural county" means a county:]

22 [(a) That is outside all metropolitan statistical areas, as defined by the most recent federal
23 decennial census; and]

24 [(b) In which, on the most recently certified property tax assessment roll, the total property taxes
25 imposed by all taxing districts within the county are equal to or greater than 1.3 percent of the total
26 assessed value of all taxable property located in the county.]

27 [(18)] (17) "Rural enterprise zone" means:

28 (a) An enterprise zone located in an area of this state in which an urban enterprise zone could
29 not be located; or

30 (b) A reservation enterprise zone designated, or a reservation partnership zone cosponsored,
31 under ORS 285C.306.

32 [(19)] (18) "Sparsely populated county" means a county with a density of 100 or fewer persons
33 per square mile, based on the most recently available population figure for the county from the
34 Portland State University Population Research Center.

35 [(20)] (19) "Sponsor" means:

36 (a) The city, county or port, or any combination of cities, counties or ports, that received ap-
37 proval of an enterprise zone under ORS 284.150 and 284.160 (1987 Replacement Part), under ORS
38 285C.080 before October 5, 2015, or under ORS 285C.085 or 285C.250 or that designated an enterprise
39 zone under ORS 285C.065 or 285C.250;

40 (b) The tribal government, in the case of a reservation enterprise zone;

41 (c) The tribal government and the cosponsoring city, county or port, in the case of a reservation
42 partnership zone; or

43 (d) A city, county or port that joined the enterprise zone through a boundary change under ORS
44 285C.115 (6) or a port that joined the enterprise zone under ORS 285C.068.

45 [(21)] (20) "Tax year" has the meaning given that term in ORS 308.007.

1 [(22)] **(21)** “Urban enterprise zone” means an enterprise zone in a metropolitan statistical area,
2 as defined [by] **pursuant to** the most recent federal decennial census, that is located inside a re-
3 gional or metropolitan urban growth boundary.

4 [(23)] **(22)** “Year” has the meaning given that term in ORS 308.007.

5 **SECTION 7.** ORS 285C.160 is amended to read:

6 285C.160. (1) An eligible business firm seeking authorization under ORS 285C.140 and the spon-
7 sor of the enterprise zone in which the firm intends to invest may enter into a written agreement
8 to extend the period during which the qualified property is exempt from taxation under ORS
9 285C.175 if the firm complies with the terms of the agreement, **provided that the written exten-**
10 **sion agreement is executed on or before the date on which the firm is authorized under ORS**
11 **285C.140.**

12 (2) The period for which the qualified property is to continue to be exempt must be set forth in
13 the agreement and may not exceed two additional tax years.

14 (3) In order for an agreement under this section to extend the period of exemption, the agree-
15 ment must [*be executed on or before the date on which the firm is authorized, and*] **require that:**

16 **(a) The new employees hired by the firm receive compensation that averages at least 110**
17 **percent of the county or state average wage in each year of the exemption; and**

18 **(b) The firm satisfy any requirement reasonably requested by the sponsor and stipulated**
19 **in the agreement that is in addition to, and not in lieu of, conditions or requirements im-**
20 **posed under ORS 285C.050 to 285C.250.**

21 **(4) If the sponsor of an urban enterprise zone has adopted a policy for the imposition of**
22 **other conditions under ORS 285C.150, the conditions and standards under that policy shall**
23 **be substituted for subsection (3) of this section, provided that the policy:**

24 **(a) Applies the substitution consistently through a standardized agreement that eligible**
25 **business firms enter into for purposes of this section;**

26 **(b) Does not waive or lessen any condition that the policy otherwise imposes; and**

27 **(c) Imposes additional conditions, consistent with standards adopted by the sponsor, that,**
28 **notwithstanding ORS 653.017, effectively require satisfaction of criteria no less stringent**
29 **than requiring that at least 85 percent of the new employees hired by the firm each receive**
30 **compensation that is at least 135 percent of the applicable minimum wage under ORS 653.025**
31 **in each year of the exemption, unless the firm otherwise satisfies subsection (3)(a) of this**
32 **section.**

33 [*(a) If the enterprise zone is a rural enterprise zone or an urban enterprise zone located inside a*
34 *metropolitan statistical area of fewer than 400,000 residents, the agreement must require that the*
35 *firm:]*

36 [(A)(i) *Annually compensate all new employees hired by the firm at an average rate of at least 150*
37 *percent of the county average annual wage for each assessment year during the tax exemption period,*
38 *as determined at the time of authorization; or]*

39 [(ii) *If the enterprise zone is located in a qualified rural county, annually compensate all new em-*
40 *ployees hired by the firm at an average rate of at least 130 percent of the county average annual wage*
41 *for each assessment year during the tax exemption period, as determined at the time of authorization;*
42 *and]*

43 [(B) *Meet any additional requirement that the sponsor may reasonably request.*]

44 [(b) *Notwithstanding paragraph (a)(A) of this subsection, the average wage received by the newly*
45 *hired employees must equal or exceed 100 percent of the average wage in the county.*]

1 *[(c) If the enterprise zone is an urban enterprise zone located inside a metropolitan statistical area*
2 *of 400,000 residents or more, the agreement must require that the firm meet any additional requirement*
3 *the sponsor may reasonably require.]*

4 *[(4) If a firm enters into an agreement under this section that includes a compensation requirement*
5 *under subsection (3)(a)(A) of this section and the firm subsequently submits one or more statements of*
6 *continued intent under ORS 285C.165, notwithstanding the terms of the agreement made under this*
7 *section, for each statement of continued intent submitted, the county average annual wage under sub-*
8 *section (3)(a)(A) of this section shall be adjusted to a level that is current with the statement.]*

9 **SECTION 8.** ORS 285C.165 is amended to read:

10 285C.165. (1) In the case of an authorized business firm that has not yet claimed the exemption
11 under ORS 285C.175 on qualified property:

12 (a) After the January 1, but on or before the April 1, that first occurs more than two years after
13 the application for authorization is approved, an authorized business firm shall submit a written
14 statement to both the sponsor and the county assessor attesting to the firm's continued intent to
15 complete the proposed investment and seek the enterprise zone exemption. The statement may in-
16 clude significant changes to the descriptions and estimates of anticipated qualified property or em-
17 ployment. *[If the firm is subject to a compensation requirement under ORS 285C.160 (3)(a)(A), the*
18 *statement shall acknowledge that the applicable county average annual wage in the agreement is up-*
19 *dated to equal the level that is current with the statement.]*

20 (b) Every two years after the submission of a statement described in paragraph (a) of this sub-
21 section, the firm shall submit another such statement. The statement must be submitted after Janu-
22 ary 1, but on or before April 1 of that year.

23 (2) If the firm fails to submit a statement required under subsection (1) of this section, the au-
24 thorization of the firm shall be considered inactive. An inactive authorized business firm may claim
25 the exemption under ORS 285C.175 only as provided under subsection (3) of this section.

26 (3)(a) An inactive authorized business firm may file an exemption claim under ORS 285C.220 only
27 if the claim includes a filing fee equal to the greater of \$200 or one-tenth of one percent of the total
28 investment cost of the qualified property listed in the property schedule that is filed with the claim
29 and is subject to the exemption.

30 (b) The filing fee required under this subsection is in addition to and not in lieu of any other
31 required filing fee.

32 (c) An exemption under ORS 285C.175 may not be granted if the filing fee does not accompany
33 the claim.

34 (d) Any filing fee collected under this subsection shall be deposited to the county general fund.

35 *[(4) If an inactive authorized business firm is subject to a compensation requirement under ORS*
36 *285C.160 (3)(a)(A) and files a claim for exemption under ORS 285C.220 in the manner prescribed in*
37 *subsection (3) of this section, notwithstanding the terms of the agreement executed under ORS 285C.160,*
38 *the applicable county average annual wage shall be updated to equal the level that is current with the*
39 *date of the filing of the claim.]*

40 *[(5)]* (4) This section applies only until the enterprise zone is terminated. Following zone termi-
41 nation, ORS 285C.245 applies.

42 **SECTION 9.** ORS 285C.400 is amended to read:

43 285C.400. As used in ORS 285C.400 to 285C.420, **and in addition to the definitions under ORS**
44 **285A.010 applicable to ORS chapter 285C:**

45 (1) "Business firm" has the meaning given that term in ORS 285C.050.

1 (2) “Certified business firm” means a business firm that has been certified under ORS 285C.403.

2 (3) “County with chronically low income or chronic unemployment” means, based on the most
3 recently revised annual average unemployment rate or annual per capita income levels available, a
4 county in which:

5 (a) The median ratio of the per capita personal income of the county to the equivalent annual
6 personal income figure of the entire United States for each year, as reported by the Bureau of
7 Economic Analysis of the United States Department of Commerce, is equal to or less than 0.75 over
8 the last 10 years;

9 (b) The median ratio of the unemployment rate of the county to the equivalent rate of the entire
10 United States for each year is at least 1.3 over the last 20 years or over the last 10 years; or

11 (c) The population of the county has experienced a negative net migration, irrespective of na-
12 tural population change, since the most recent federal decennial census occurring three or more
13 years prior to the current estimated population figure for the county, based on available population
14 statistics.

15 (4) “Facility” means the land, real property improvements and personal property that are used:

16 (a) At a location in a rural enterprise zone that is identified in the application for certification
17 under ORS 285C.403; and

18 (b) In those business operations of the business firm that are the subject of the application for
19 certification under ORS 285C.403.

20 **(5) “In service” has the meaning given that term in ORS 285C.050.**

21 [(5)] **(6) “Qualified rural county” means a county:**

22 (a) That is outside all metropolitan statistical areas, as defined [by] **pursuant to** the most recent
23 federal decennial census; and

24 (b) In which, on the most recently certified property tax assessment roll, the total property taxes
25 imposed by all taxing districts within the county are equal to or greater than 1.3 percent of the total
26 assessed value of all taxable property located in the county.

27 [(6)] **(7) “Rural enterprise zone” has the meaning given that term in ORS 285C.050.**

28 **SECTION 10.** ORS 285C.412 is amended to read:

29 285C.412. In order for a facility of a business firm to continue to be exempt from ad valorem
30 property taxation under ORS 285C.409 for a tax year following the first assessment date on which
31 the facility is in service, all of the conditions of any one of the alternative subsections in this sec-
32 tion must be met:

33 (1) In order for the exemption under ORS 285C.409 (1)(c) to be allowable pursuant to this sub-
34 section:

35 (a) By the end of the calendar year in which the facility is placed in service, the total cost of
36 the facility exceeds the lesser of \$25 million or one percent of the real market value of all nonex-
37 empt taxable property in the county in which the facility is located, as determined for the assess-
38 ment year in which the business firm is certified (and rounded to the nearest \$10 million of such
39 value);

40 (b) [*The business firm hires or will hire*] At least 75 full-time employees **are hired to work**
41 **year-round** at the facility by the end of the fifth calendar year following the year in which the fa-
42 cility is placed in service; and

43 (c) **In a year following the year in which the facility is placed in service, but not later**
44 **than the fifth such year, all full-time equivalent employees of the business firm at the facility**
45 **receive compensation that on average equals or exceeds 115 percent of the average wage**

1 **where the facility is located.**

2 [(c) *The annual average compensation for employees, based on payroll, at the business firm's fa-*
3 *ility must be at least 150 percent of the average wage in the county in which the facility is located,*
4 *or, if the facility is located in a qualified rural county, determined as of the date on which the written*
5 *agreement between the zone sponsor and the business firm was executed, the annual average compen-*
6 *sation must be at least 130 percent of the average wage in the county in which the facility is located.*
7 *This requirement may be initially met in any year during the first five years after the year in which*
8 *the facility is placed in service, and thereafter is met if:]*

9 [(A) *The annual average compensation at the facility for the year equals or exceeds 150 percent of*
10 *the average wage in the county for the year in which the requirement is initially met or, for a facility*
11 *located in a qualified rural county, determined as of the date on which the written agreement between*
12 *the zone sponsor and the business firm was executed, the annual average compensation at the facility*
13 *for the year equals or exceeds 130 percent of the average wage in the county for the year in which the*
14 *requirement is initially met; and]*

15 [(B) *The average wage at the facility equals or exceeds 100 percent of the average wage in the*
16 *county.*]

17 [(2) *In order for the exemption under ORS 285C.409 (1)(c) to be allowable pursuant to this sub-*
18 *section:]*

19 [(a) *The facility meets the total cost requirements set forth in subsection (1)(a) of this section;]*

20 [(b) *The business firm meets the annual average compensation requirements set forth in subsection*
21 *(1)(c) of this section; and]*

22 [(c)(A) *The business firm hires or will hire at least 10 full-time employees at the facility by the end*
23 *of the third calendar year following the year in which the facility is placed in service, and at the time*
24 *that the business firm is certified, the location of the facility is in a county with a population of 10,000*
25 *or fewer; or]*

26 [(B) *The business firm hires or will hire at least 35 full-time employees at the facility by the end*
27 *of the third calendar year following the year in which the facility is placed in service, and at the time*
28 *that the business firm is certified, the location of the facility is in a county with a population of 40,000*
29 *or fewer.*]

30 [(3)] (2) *In order for the exemption under ORS 285C.409 (1)(c) to be allowable pursuant to this*
31 *subsection:*

32 (a) *By the end of the calendar year in which the facility is placed in service, the total cost of*
33 *the facility exceeds the lesser of \$12.5 million or one-half of one percent of the real market value*
34 *of all nonexempt taxable property in the county in which the facility is located, as determined for*
35 *the assessment year in which the business firm is certified (and rounded to the nearest \$10 million*
36 *of such value);*

37 (b) *At the time that the business firm is certified, the location of the facility is 10 or more miles*
38 *from Interstate Highway 5, as measured between the two closest points between the facility site and*
39 *anywhere along **the median of** that interstate highway;*

40 [(c) *The business firm meets the annual average compensation requirements set forth in subsection*
41 *(1)(c) of this section; and]*

42 (c) **In a year following the year in which the facility is placed in service, but not later**
43 **than the fifth such year, all full-time equivalent employees of the business firm at the facility**
44 **receive compensation that on average equals or exceeds 110 percent of the average wage**
45 **where the facility is located; and**

1 **(d) By the end of the third calendar year following the year in which the facility is placed**
2 **in service, at least:**

3 [(d)(A)] **(A)** [*The business firm hires or will hire at least*] 50 full-time employees **are hired to**
4 **work year-round** at the facility [*by the end of the third calendar year following the year in which*
5 *the facility is placed in service; or*];

6 [(B)] *The business firm satisfies the requirements of subsection (2)(c)(A) or (B) of this section.*]

7 **(B) 35 full-time employees are hired to work year-round at the facility and the facility is**
8 **located in a county with a population of 40,000 or fewer when the business firm is certified;**
9 **or**

10 **(C) 10 full-time employees are hired to work year-round at the facility and the facility is**
11 **located in a county with a population of 10,000 or fewer when the business firm is certified.**

12 [(4)] **(3)** In order for the exemption under ORS 285C.409 (1)(c) to be allowable pursuant to this
13 subsection:

14 (a) Within three years either before or after the property tax year in which the facility is placed
15 in service, the business firm places one or more other facilities in the same or another enterprise
16 zone for which the business firm is certified and otherwise meets the requirements of ORS 285C.400
17 to 285C.420;

18 (b) The total cost of all facilities of the business firm exceeds \$25 million by the end of the
19 calendar year in which the last such facility is placed in service;

20 (c) The business firm meets the [*annual average compensation requirements*] **employee compen-**
21 **sation requirement** set forth in subsection (1)(c) of this section independently for each facility of
22 the firm; and

23 (d) [*The business firm hires or will hire a total of*] At least 100 full-time employees **are hired to**
24 **work year-round** at all of the firm's facilities by the end of the fifth calendar year following the
25 year in which the first such facility is placed in service.

26 [(5)] **(4)** In order for the exemption under ORS 285C.409 (1)(c) to be allowable pursuant to this
27 subsection:

28 (a) By the end of the calendar year in which the facility is placed in service, the total cost of
29 the facility exceeds \$200 million;

30 (b) At the time that the business firm is certified, the location of the facility meets the siting
31 requirements of subsection [(3)(b)] **(2)(b)** of this section;

32 (c) [*The business firm hires or will hire*] At least 10 full-time employees **are hired to work**
33 **year-round** at the facility by the end of the third calendar year following the year in which the
34 facility is placed in service; and

35 (d) The business firm meets the [*annual average compensation requirements*] **employee compen-**
36 **sation requirement** set forth in subsection (1)(c) of this section.

37 **SECTION 11.** ORS 285C.415 is amended to read:

38 285C.415. [*Upon meeting the applicable requirements of*] **On or before the date on which an**
39 **applicable requirement under** ORS 285C.412 **must be satisfied**, the certified business firm shall
40 notify the county assessor in writing [*that the applicable requirements have*] **of the extent to which**
41 **the requirement has** been met.

42 **SECTION 12.** ORS 285C.420 is amended to read:

43 285C.420. (1) If a certified business firm does not begin operations or is not reasonably expected
44 to begin operations, as determined by the county assessor consistent with criteria established by
45 rule of the Department of Revenue, or fails to meet the minimum requirements set forth in ORS

1 285C.412, while receiving an exemption under ORS 285C.409, the assessor shall, as of the next tax
2 year, disqualify the property from the exemption.

3 (2)(a) If a certified business firm that has achieved the [*minimum*] applicable full-time hiring
4 [*requirements and annual average wage*] **and employee compensation** requirements at a facility
5 under ORS 285C.412 subsequently fails to maintain the applicable minimum **annual average** number
6 of full-time employees or the minimum annual average compensation level at the facility **in any**
7 **remaining year of exemption under ORS 285C.409 (1)(c)**, the assessor shall disqualify the facility
8 from exemption under ORS 285C.409.

9 (b) This subsection does not apply if the decrease in hiring or in annual average compensation
10 is caused by circumstances beyond the control of the business firm, including force majeure.

11 (3) Upon disqualification, there shall be added to the tax extended against the property on the
12 next general property tax roll, to be collected and distributed in the same manner as the remainder
13 of ad valorem property taxes, an amount equal to the taxes that would otherwise have been assessed
14 against the property and improvements for each of the tax years for which the property was exempt
15 under ORS 285C.409.

16 (4) The additional taxes described in this section shall be deemed assessed and imposed in the
17 year to which the additional taxes relate.

18 **SECTION 13.** ORS 285C.503 is amended to read:

19 285C.503. (1) A business firm seeking the income and corporate excise tax exemption allowed
20 under ORS 316.778 or 317.391 shall, before the commencement of construction, reconstruction, mod-
21 ification or installation of property or improvements at the location for which the exemption is
22 sought and before the hiring of any employees at that location, apply to the Oregon Business De-
23 velopment Department for preliminary certification under this section.

24 (2) The application shall be on a form prescribed by the department and shall contain the fol-
25 lowing information:

26 (a) The proposed location of the facility;

27 (b) A description of the property to be constructed, reconstructed, modified, acquired, installed
28 or leased and that is to comprise the facility when the business firm commences business operations
29 at the facility;

30 (c) If any property described in paragraph (b) of this subsection is to be leased, the term of the
31 lease;

32 (d) The number of full-time, year-round employees the business firm intends to hire;

33 (e) The minimum annual average compensation intended to be given to the employees described
34 in paragraph (d) of this subsection;

35 (f) A description of any other business activities of the firm in this state at the time of appli-
36 cation, sufficient for the department to be able to determine if the proposed facility will constitute
37 a new business in this state; and

38 (g) Any other information that the department requires.

39 (3) An application filed under this section must be accompanied by a fee in an amount prescribed
40 by the Oregon Business Development Department by rule. The fee required by the department may
41 not exceed \$500.

42 (4)(a) When an application is filed under this section, the department shall send copies of the
43 application to the governing bodies of [*the city and county*] **any city, port or county** in which the
44 facility is proposed to be located. [*If the facility is to be located within a port, the department shall*
45 *also send a copy of the application to the governing body of the port.*]

1 (b) The governing body of a city, port or county described in paragraph (a) of this subsection
2 may object to the preliminary certification of a business firm if the firm would be:

3 (A) In competition with an existing business employing individuals within the city, port or
4 county; or

5 (B) Incompatible with economic growth or development standards that the city, port or county
6 had adopted prior to the date of application for preliminary certification.

7 (c) If the governing body of the city, port or county decides to object to preliminary certification
8 of the firm, the governing body shall adopt a resolution stating its objection and the reason for its
9 objection.

10 (d) The governing body of a city, port or county has 60 days from the date **a copy of** the ap-
11 plication is sent to the city, port or county to object to preliminary certification. If the objection is
12 not made within the 60-day period, the city, port or county shall be deemed to have agreed to pre-
13 liminary certification.

14 (5) When an application is filed under this section, the department shall review the application
15 and determine whether all of the following requirements are met:

16 (a) The proposed facility is to be located at a qualified location.

17 (b) The proposed facility is intended to operate as a facility for at least 10 years following the
18 date the facility becomes operational.

19 (c) The business firm intends to hire at least five employees for full-time, year-round employ-
20 ment.

21 *[(d)(A) The newly hired employees described in paragraph (c) of this subsection are to receive a
22 minimum annual compensation of:]*

23 *[(i) 150 percent of the county per capita personal income of the county in which the facility is to
24 be located determined as of the date of the application for preliminary certification;]*

25 *[(ii) 100 percent of the county per capita personal income of the county in which the facility is to
26 be located determined as of the date of the application for preliminary certification and the business
27 firm will provide health insurance coverage to the employees at the facility who are described in par-
28 agraph (c) of this subsection that equals or exceeds the health insurance benefits provided to employees
29 of the city, port or county in which the facility is to be located; or]*

30 *[(iii) If the facility is to be located in a county that is outside all metropolitan statistical areas, as
31 defined by the most recent federal decennial census, 130 percent of the county per capita personal in-
32 come of the county in which the facility is to be located determined as of the date of the application for
33 preliminary certification.]*

34 *[(B) Notwithstanding subparagraph (A) of this paragraph, the average wage received by the newly
35 hired employees must equal or exceed 100 percent of the average wage in the county.]*

36 **(d) No fewer than five of the newly hired full-time, year-round employees are to receive
37 compensation that equals or exceeds 110 percent of the average wage where the facility is
38 located.**

39 (e) The business operations of the business firm that are to be conducted at the facility consti-
40 tute a new business that the firm does not operate at another location in this state **or, if the
41 business firm has recently purchased the facility, the business operations are distinct from
42 those conducted recently at the facility.**

43 (f) The business operations of the business firm will not compete with existing businesses in the
44 city, **port** or county in which the facility is to be located.

45 (6) If the department determines that the proposed facility, if completed as described in the ap-

1 plication, meets the criteria set forth in subsection (5) of this section and the governing body of the
2 city, port or county does not object under subsection (4) of this section to preliminary certification
3 of the firm, the department shall issue a preliminary certification to the firm.

4 (7) If the department determines that the proposed facility, as set forth in the application, does
5 not meet the requirements for preliminary certification under this section, the department may not
6 issue a preliminary certification. The applicant may appeal the decision to not issue a preliminary
7 certification in the manner of a contested case under ORS chapter 183. No appeal may be made if
8 the reason for not issuing a preliminary certification is the objection of the governing body of the
9 city, port or county under subsection (4) of this section.

10 **SECTION 14.** ORS 317.391 is amended to read:

11 317.391. (1) **As used in this section:**

12 (a) **“Business firm” has the meaning given that term in ORS 285C.500.**

13 (b) **“Certified facility” means a facility, as defined in ORS 285C.500, for which an annual
14 certification under ORS 285C.506 has been issued.**

15 [(1)] (2) For each tax year in which a business firm has received an annual certification for a
16 facility under ORS 285C.506, the income of the business firm that is apportionable to the certified
17 facility shall be exempt from tax under this chapter.

18 [(2)] (3) The income of a business firm that is exempt under this section shall be determined by
19 multiplying the taxable income of the business firm (as determined before application of this section)
20 by the sum of:

21 (a) 50 percent of the ratio of the payroll of the business firm from employment at the certified
22 facility over total statewide payroll of the business firm, as determined under ORS 314.660; and

23 (b) 50 percent of the ratio of the average value of the property of the business firm at the cer-
24 tified facility over the average value of the property of the business firm statewide, as determined
25 under ORS 314.655.

26 [(3)] (4) The sum computed under subsection [(2)] (3) of this section shall be the amount of the
27 business firm’s income that is exempt from tax under this chapter.

28 [(4) *As used in this section:*]

29 [(a) *“Business firm” has the meaning given that term in ORS 285C.500.*]

30 [(b) *“Certified facility” means a facility, as defined in ORS 285C.500, for which an annual certi-
31 fication under ORS 285C.506 has been issued.*]

32 **SECTION 15.** ORS 285B.626 is amended to read:

33 285B.626. As used in ORS 285B.625 to 285B.632, **and in addition to the definitions under ORS
34 285A.010 applicable to ORS chapter 285B:**

35 (1) **“County or state wage” means the average wage:**

36 (a) **Where a regionally significant industrial site is located; and**

37 (b) **For all employment, unless the Oregon Business Development Department has
38 adopted a rule limiting “county or state average wage” to mean the average wage for private
39 sector employment only.**

40 [(1) *“Eligible employer” means an employer that:*]

41 [(a) *Is conducting a traded sector business on a regionally significant industrial site; and]*

42 [(b)(A) *With respect to a rural site, has hired at least 25 full-time employees whose wages average
43 at least 150 percent of the county or state average wage, whichever is less; or]*

44 [(B) *With respect to an urban site, has hired At least 50 full-time employees whose wages average
45 at least 150 percent of the county or state average wage, whichever is less.*]

1 **(2) “Eligible employer” means an employer that is conducting business in a traded sector**
2 **industry on a regionally significant industrial site at which, following the site’s designation**
3 **under ORS 285B.627, one or more eligible employers have cumulatively hired:**

4 **(a) At least 50 full-time equivalent employees whose compensation averages at least 150**
5 **percent of the county or state wage; or**

6 **(b) If the site is located in a rural area, at least 25 full-time equivalent employees whose**
7 **compensation averages at least 130 percent of the county or state wage.**

8 [(2)] (3) “Estimated incremental income tax revenues” means the Oregon personal income tax
9 revenues that are equivalent to the amount of tax that employees of an eligible employer, [*who*
10 *are*] hired by the eligible employer on a designated regionally significant industrial site, have paid
11 under ORS chapter 316 in the tax years following the first tax year in which the eligible employer
12 begins conducting a traded sector business on [*the*] a designated regionally significant industrial
13 site.

14 [(3)] (4) “Industrial use” means employment activities, including but not limited to manufactur-
15 ing, assembly, fabrication, processing, storage, logistics, warehousing, importation, distribution,
16 transshipment and research and development, that generate income from the production, handling
17 or distribution of goods or services, including goods or services in the traded sector.

18 [(4)] (5) “Project sponsor” means:

19 (a) A public owner of a regionally significant industrial site that is investing in preparation of
20 the site for industrial use by a third party; or

21 (b) A public entity that has entered into a development or other agreement with the private
22 owner of a regionally significant industrial site to prepare the site for industrial use.

23 [(5)] (6) “Regionally significant industrial site” means a site planned and zoned for industrial
24 use that:

25 (a)(A) Is suitable for the location of new industrial uses or the expansion of existing industrial
26 uses and that can provide significant additional employment in the region;

27 (B) Has site characteristics that provide significant competitive advantages that are difficult or
28 impossible to replicate in the region; and

29 (C) Has superior access to transportation and freight infrastructure, including but not limited
30 to rail, port, airport, multimodal freight or transshipment facilities and other major transportation
31 facilities or routes; or

32 (b) Is located in an area designated by Metro, as defined in ORS 197.015, as a regionally sig-
33 nificant industrial area.

34 [(6)] “*Rural site*” means a regionally significant industrial site located in an area outside of a
35 metropolitan statistical area, as defined by the most recent federal decennial census.]

36 [(7)] “*Traded sector*” has the meaning given that term in ORS 285A.010.]

37 [(8)] “*Urban site*” means a regionally significant industrial site located in a metropolitan statistical
38 area, as defined by the most recent federal decennial census, that is located inside a regional or met-
39 ropolitan urban growth boundary.]

40 [(9)] “*Wage*” has the meaning given that term pursuant to rules adopted by the Oregon Business
41 Development Department.]

42 **SECTION 16.** ORS 285C.090 is amended to read:

43 285C.090. (1) An enterprise zone must be located in a local area in which:

44 (a) Fifty percent or more of the households have incomes below 80 percent of the median income
45 of this state, as defined [*by*] **pursuant to** the most recent federal decennial census;

1 (b) The unemployment rate is at least 2.0 percentage points greater than the comparable unem-
2 ployment rate for this entire state, as defined by the most recently available data published or offi-
3 cially provided and verified by the United States Government, the Employment Department, the
4 Portland State University Population Research Center or special studies conducted under a contract
5 with a regional academic institution; or

6 (c) The Oregon Business Development Department determines on a case-by-case basis using ev-
7 idence provided by the cities, counties or ports designating the enterprise zone that there exists a
8 level of economic hardship at least as severe as that described in paragraph (a) or (b) of this sub-
9 section. The evidence must be based on the most recently available data from official sources and
10 may include a contemporary decline of the population in the enterprise zone, the percentage of
11 persons in the enterprise zone below the poverty level relative to the percentage of the entire pop-
12 ulation of this state below the poverty level or the unemployment rate for the county or counties
13 in which the enterprise zone is located.

14 (2)(a) An urban enterprise zone may consist of a total area of not more than 12 square miles in
15 size.

16 (b) A rural enterprise zone may consist of a total area of not more than 15 square miles in size.

17 (c) For purposes of this subsection, the area of the zone must be calculated by excluding that
18 portion of the zone that lies below the ordinary high water mark of a navigable body of water.

19 (3) Except as provided in subsection (4) of this section:

20 (a) An urban enterprise zone must have 12 miles or less, and a rural enterprise zone must have
21 15 miles or less, as the greatest distance between any two points within the zone; and

22 (b) Unconnected areas of an enterprise zone may not be more than five miles apart.

23 (4) Unconnected areas of a rural enterprise zone may not be more than 15 miles apart when an
24 unconnected area is entirely within a sparsely populated county, and the zone:

25 (a) Must have 20 miles or less as the greatest distance between any two points within the zone,
26 if only a portion of the zone is contained within a sparsely populated county; or

27 (b) Must have 25 miles or less as the greatest distance between any two points within the zone,
28 if the zone is entirely contained within a sparsely populated county.

29 (5) This section does not apply to the designation or redesignation of a reservation enterprise
30 zone or a reservation partnership zone.

31 **SECTION 17.** ORS 285C.500 is amended to read:

32 285C.500. As used in ORS 285C.500 to 285C.506, **and in addition to the definitions under ORS**
33 **285A.010 applicable to ORS chapter 285C:**

34 (1) "Business firm" has the meaning given that term in ORS 285C.050.

35 (2) "County per capita personal income" means the **most recently available** per capita personal
36 income level published by the Bureau of Economic Analysis of the United States Department of
37 Commerce for a county.

38 (3) "County unemployment rate" means the most recently available unemployment rate for the
39 county, as determined by the Employment Department.

40 (4) "Facility" means the land, real property improvements and personal property that are used
41 by a business firm to conduct business operations, and that are the subject of an application for
42 preliminary certification under ORS 285C.503 or annual certification under ORS 285C.506.

43 (5) "Qualified location" means any area **in this state** that is:

44 (a) Zoned for industrial use or [*is within*] **inside** the urban growth boundary of a city that has
45 15,000 or fewer residents; and

1 (b) Located in a county that, [during either of the two years preceding] **in the most recent year**
2 **for which annual statistics are available, as of** the date an application for preliminary certifica-
3 tion is filed under ORS 285C.503, **or in one of the two immediately prior years**, had both:

4 (A) A county unemployment rate that was in the top half of county unemployment rates in this
5 state; and

6 (B) A county per capita personal income that was in the bottom half of county per capita per-
7 sonal incomes in this state.

8 (6) “Urban growth boundary” means an urban growth boundary contained in a city or county
9 comprehensive plan that has been acknowledged by the Land Conservation and Development Com-
10 mission pursuant to ORS 197.251 or an urban growth boundary that has been adopted by a metro-
11 politan service district under ORS 268.390 (3).

12 **SECTION 18.** ORS 317.124 is amended to read:

13 317.124. (1) As used in this section:

14 (a) “Facility” has the meaning given that term in ORS 285C.400.

15 (b) “Payroll costs” means the costs of paying employee salary, wages and other remuneration
16 in cash or property, and employee benefit costs, including but not limited to workers’ compensation,
17 health, life or other insurance premium payments, payroll taxes and contributions to pension or
18 other retirement plans.

19 (2) A taxpayer that owns a facility that is exempt from property tax under ORS 285C.409 may
20 claim a tax credit under this section against the taxes that are otherwise due under this chapter.

21 (3) The credit may be claimed over a period of consecutive tax years elected by the taxpayer:

22 (a) That must commence on or after the tax year in which the facility is placed in service and
23 no later than the tax year beginning in the third calendar year after the year in which the facility
24 is placed in service;

25 (b) The duration of which must be at least five tax years and no more than 15 tax years; and

26 (c) The duration of which must be established in writing by the Governor (pursuant to a request
27 made by the taxpayer) prior to the date on which a return claiming the credit is filed.

28 (4) The amount of the credit for a tax year shall equal 62.5 percent of the payroll costs of the
29 taxpayer for that tax year that are attributable to employment at the facility.

30 (5) The credit computed under subsection (4) of this section may be offset only against the
31 qualified tax liability of the taxpayer, as determined under this subsection. To compute the qualified
32 tax liability of the taxpayer:

33 (a) Subtract the tax credit threshold amount determined under subsection (7) of this section from
34 the tax liability of the taxpayer under this chapter; and

35 (b) Multiply the difference determined under paragraph (a) of this subsection by the apportion-
36 ment factor determined under subsection (6) of this section.

37 (6)(a) The apportionment factor to be used in computing the qualified tax liability of the tax-
38 payer under subsection (5) of this section shall be a fraction, the numerator of which is income of
39 the facility for the fiscal year of the taxpayer that ends in the tax year for which the qualified tax
40 liability of the taxpayer is being computed, and the denominator of which is the total Oregon income
41 of the taxpayer for the fiscal year of the taxpayer that ends in the tax year for which the qualified
42 tax liability of the taxpayer is being computed. For purposes of this computation, income shall be
43 determined in accordance with generally accepted accounting principles and shall be reviewed by
44 an independent public accountant in a review that is conducted in accordance with the Statements
45 on Standards for Accounting and Review Services issued by the American Institute of Certified

1 Public Accountants.

2 (b)(A) If no data are prepared that meet the accounting and review standards set forth in para-
3 graph (a) of this subsection, the apportionment factor shall be a fraction, the numerator of which is
4 the sum of the intrastate payroll factor and the intrastate property factor, and the denominator of
5 which is two.

6 (B) The intrastate payroll factor is a fraction, the numerator of which is the total amount paid
7 for compensation at the qualifying facility during the tax year for which the qualified tax liability
8 of the taxpayer is being computed, and the denominator of which is the total amount of compen-
9 sation paid in this state during that tax year.

10 (C) The intrastate property factor is a fraction, the numerator of which is the average net book
11 value of the facility for the tax year for which the qualified tax liability of the taxpayer is being
12 computed, and the denominator of which is the average net book value of all real and tangible
13 personal property owned or rented by the taxpayer in this state for that tax year.

14 (7) The tax credit threshold amount for the tax year for which the qualified tax liability of the
15 taxpayer is being computed equals:

16 (a) \$1 million; or

17 (b) If the facility is one described in ORS 285C.412 (2) [or (3)], the lesser of \$1 million or:

18 (A) If the facility is one described in ORS 285C.412 [(2)(c)(A)] **(2)(d)(C)**, \$10,000 multiplied by the
19 number of verified full-time employees at the facility;

20 (B) If the facility is one described in ORS 285C.412 [(2)(c)(B)] **(2)(d)(B)**, \$12,500 multiplied by the
21 number of verified full-time employees at the facility; or

22 (C) If the facility is one described in ORS 285C.412 [(3)] **(2)** but not otherwise described under
23 this paragraph, \$15,000 multiplied by the number of verified full-time employees at the facility.

24 (8) A tax credit computed under this section for any one tax year may not exceed the qualified
25 tax liability of the taxpayer for the tax year.

26 (9) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a
27 particular tax year may be carried forward and offset against the taxpayer's qualified tax liability
28 for the next succeeding tax year. Any credit remaining unused in the next succeeding tax year may
29 be carried forward and used against the taxpayer's qualified tax liability for the second succeeding
30 tax year. Any credit remaining unused in the second succeeding tax year may be carried forward
31 and used against the taxpayer's qualified tax liability for the third succeeding tax year. Any credit
32 remaining unused in the third succeeding tax year may be carried forward and used against the
33 taxpayer's qualified tax liability for the fourth succeeding tax year. Any credit remaining unused in
34 the fourth succeeding tax year may be carried forward and used against the taxpayer's qualified tax
35 liability for the fifth succeeding tax year, but may not be used in any tax year thereafter.

36 (10) A tax credit allowed under this section is not in lieu of any deduction for depreciation,
37 amortization, payroll costs or any other expense to which the taxpayer may be entitled.

38 **SECTION 19. (1) The amendments to ORS 285B.600 by section 5 of this 2019 Act apply to**
39 **applications approved under ORS 285B.605 on or after the effective date of this 2019 Act.**

40 **(2) The amendments to ORS 285C.050, 285C.160 and 285C.165 by sections 6 to 8 of this 2019**
41 **Act apply to written agreements:**

42 **(a) Executed under ORS 285C.160 on or after the effective date of this 2019 Act; or**

43 **(b) Previously executed on or after October 6, 2017, and amended on or after the effective**
44 **date of this 2019 Act.**

45 **(3) The amendments to ORS 285C.400, 285C.412, 285C.415 and 285C.420 by sections 9 to 12**

1 **of this 2019 Act apply to written agreements:**

2 (a) Executed under ORS 285C.403 (3)(c) on or after the effective date of this 2019 Act; or

3 (b) Amended on or after the effective date of this 2019 Act with respect to exemptions
4 initially allowed on or after October 6, 2017.

5 (4) The amendments to ORS 285C.503 by section 13 of this 2019 Act apply to applications
6 for preliminary certification filed under ORS 285C.503 on or after July 1, 2017.

7 (5) The amendments to ORS 317.391 by section 14 of this 2019 Act apply to applications
8 for certification approved under ORS 285C.506 on or after the effective date of this 2019 Act.

9 (6) The amendments to ORS 285B.626 by section 15 of this 2019 Act apply to determi-
10 nations of estimated incremental income tax revenues made under ORS 285B.630 on or after
11 the effective date of this 2019 Act.

12 **SECTION 20.** ORS 285B.059 is amended to read:

13 285B.059. (1) The Oregon Business Development Commission may approve a business develop-
14 ment project proposed in an application filed under ORS 285B.050 to 285B.098 if, after investigation,
15 the commission finds that:

16 (a) The proposed business development project is feasible and a reasonable risk from practical
17 and economic standpoints, and that the loan has reasonable prospect of repayment.

18 (b) The applicant can provide good and sufficient collateral for the loan.

19 (c) Moneys in the Oregon Business Development Fund are or will be available for the proposed
20 business development project.

21 (d) There is a need for the proposed business development project.

22 (e) The applicant has not received or entered into a contract or contracts exceeding \$1 million
23 with the commission, under authority of ORS 285B.050 to 285B.098, for the previous 365 days.

24 (2)(a) Except as provided in paragraph (b) of this subsection, the total amount of moneys loaned
25 from the fund for a business development project may not exceed 50 percent of the cost of the
26 project.

27 (b) The total amount of moneys loaned from the fund for a business development project may
28 exceed 50 percent of the cost of the project if two or more lenders have denied requests from the
29 applicant to commit to participate in the financing of the project and the applicant has no other
30 available financing.

31 (3)(a) Except as provided in paragraph (b) of this subsection, moneys may not be loaned from the
32 fund for a business development project unless there exists a commitment from a commercial or
33 private lender, or a local development group, to participate in the financing of the project.

34 (b) Moneys may be loaned from the fund for a business development project without a commit-
35 ment from a commercial or private lender, or a local development group, to participate in the fi-
36 nancing of the project if:

37 (A) The applicant is a county or municipality;

38 (B) There are payments other than the scheduled principal and interest payments; or

39 (C) Two or more lenders have denied requests from the applicant to commit to participate in the
40 financing of the project and the applicant has no other available financing.

41 (4) To encourage private sector and local development group participation in the financing of
42 business development projects, the commission may subordinate the security position of the fund to
43 that of other lenders.

44 (5) In each fiscal year of a biennium, 15 percent of all moneys available for lending from the
45 fund is reserved for loans to emerging small business enterprises as defined by the Oregon Business

1 Development Department by rule, which are located in or draw their workforces from within rural
2 or distressed areas as determined by the Oregon Business Development Department in cooperation
3 with the Employment Department of this state. If the Oregon Business Development Department was
4 unable to obtain a sufficient number of approvable applications to meet the requirements of this
5 subsection in the previous fiscal year, it may, in the current fiscal year and notwithstanding the
6 limitations imposed by ORS 285B.050 (2), make loans, in an amount that does not exceed the 15
7 percent reserved for the prior fiscal year less the amount of loans made to emerging small business
8 enterprises located in rural or distressed areas during the previous fiscal year, to service and retail
9 businesses operated by small business enterprises that are located in or draw their workforces from
10 within rural or distressed areas as determined by the Oregon Business Development Department in
11 cooperation with the Employment Department of this state. Service and retail businesses operated
12 by small business enterprises under this section need not be engaged in traded sector activities.
13 [As used in this subsection, "rural area" and "distressed area" have the meaning given those terms in
14 ORS 285A.010.]

15 **SECTION 21.** ORS 285B.410 is amended to read:

16 285B.410. As used in ORS 285B.410 to 285B.482, unless the context requires otherwise:

17 (1) "Airport" means:

18 (a) A runway, taxiway, aircraft parking apron, ramp, auto parking area, access road, safety area
19 or runway protection zone;

20 (b) An airport-related facility, including a hangar, terminal, air traffic control tower or other
21 building;

22 (c) A signal, navigational aid or traffic control system; or

23 (d) A fuel tank or other physical airport improvement.

24 (2)(a) "Community development project" means a project that involves strategic planning,
25 training or other technical assistance as defined by the Oregon Business Development Department
26 by rule, and that is aimed at strengthening the economic development, community development or
27 infrastructure priority setting of a municipality or region.

28 (b) "Community development project" includes the following activities:

29 (A) Developing and managing short-term and long-term projects;

30 (B) Developing priorities for infrastructure projects;

31 (C) Strategic planning related to furthering economic or community development; or

32 (D) Training related to economic or community development, including training to improve
33 leadership skills, technical skills or analytical skills, particularly in rural and distressed areas.

34 (c) "Community development project" includes projects that may encompass a municipality or
35 any part of a municipality and may be undertaken in cooperation with another municipality.

36 (3) "Development project" means a project for the acquisition, improvement, construction, dem-
37 olition, or redevelopment of municipally owned utilities, buildings, land, transportation facilities or
38 other facilities that assist the economic and community development of the municipality, including
39 planning project activities that are necessary or useful as determined by the Oregon Infrastructure
40 Finance Authority.

41 (4) "Direct project management costs" means expenses directly related to a project that are in-
42 curred by a municipality solely to support or manage a project eligible for assistance under ORS
43 285B.410 to 285B.482. "Direct project management costs" does not include routine or ongoing ex-
44 penses of the municipality.

45 (5) "Emergency project" means a development project resulting from an emergency as defined

1 in ORS 401.025, to which federal disaster relief has been committed.

2 (6) "Energy system" means a facility necessary for the distribution, transmission or generation
3 of energy, including but not limited to facilities powered by wind, solar energy or biofuel and facil-
4 ities for the collection, storage, transmission or distribution of a fuel, including natural gas, methane
5 or hydrogen.

6 (7) "Levee project" means a community development project, development project, planning
7 project or other project that is associated with levee inspection, accreditation, certification or re-
8 pair.

9 (8) "Marine facility" means:

10 (a) A wharf, dock, freight handling or passenger facility;

11 (b) A navigation channel or structure, including a project funded under ORS 777.267; or

12 (c) Any other physical marine facility improvement.

13 (9) "Municipality" means an Oregon city or county, the Port of Portland created by ORS 778.010,
14 a county service district organized under ORS chapter 451, a district as defined in ORS 198.010, a
15 drainage district organized under ORS chapter 547, a tribal council of a federally recognized Indian
16 tribe in this state or an airport district organized under ORS chapter 838.

17 (10) "Planning project" means:

18 (a) A project related to a potential development project for preliminary, final or construction
19 engineering;

20 (b) A survey, site investigation or environmental action;

21 (c) A financial, technical or other feasibility report, study or plan; or

22 (d) An activity that the authority determines to be necessary or useful in planning for a poten-
23 tial development project.

24 (11) "Project" means a development, community development, planning, levee or emergency
25 project.

26 (12) "Railroad" means:

27 (a) A main line, siding, yard, connecting or auxiliary track, right of way or easement;

28 (b) An industrial spur or related facility, including a depot, shop, maintenance building or other
29 building;

30 (c) A signal or traffic control system;

31 (d) A bridge or tunnel;

32 (e) A dock, pit, conveyor, bin, crane, piping system, tank or pavement for unloading, loading or
33 transfer of freight, trailers or containers; or

34 (f) Any other physical railroad improvement.

35 (13) "Road" means a street, highway or thruway or a road-related structure that provides for
36 continuity of a right of way, including a bridge, tunnel, culvert or similar structure or other physical
37 road-related improvement.

38 [(14) "Rural area" has the meaning given that term in ORS 285A.010.]

39 [(15)] (14) "Solid waste disposal site" has the meaning given the term "disposal site" in ORS
40 459.005.

41 [(16)] (15) "Telecommunications system" means equipment or a facility for the electronic trans-
42 mission of voice, data, text, image or video.

43 [(17)] (16) "Transportation" means a system for movement of freight or passengers.

44 [(18)] (17) "Utilities" means a solid waste disposal site or a water, sewage, storm water drainage,
45 energy or telecommunications system.

1 **SECTION 22.** ORS 285B.600 to ORS 285B.620 are added to and made a part of ORS chapter
2 **285B.**

3 **SECTION 23.** ORS 285B.625 to ORS 285B.632 are added to and made a part of ORS chapter
4 **285B.**

5 **SECTION 24.** This 2019 Act takes effect on the 91st day after the date on which the 2019
6 regular session of the Eightieth Legislative Assembly adjourns sine die.

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