

D R A F T

SUMMARY

Extends sunsets of certain programs providing economic incentives.
Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to economic incentives; amending ORS 285B.627, 285C.255 and
3 285C.406 and section 6, chapter 905, Oregon Laws 2007; and prescribing
4 an effective date.

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

6 **SECTION 1.** ORS 285C.255 is amended to read:

7 285C.255. (1) Notwithstanding any other provision of ORS 285C.050 to
8 285C.250:

9 (a) An area may not be designated as an enterprise zone after June 30,
10 [2025] **2035**;

11 (b) A business firm may not obtain authorization under ORS 285C.140 af-
12 ter June 30, [2025] **2035**; and

13 (c) An enterprise zone, except for a reservation enterprise zone or a res-
14 ervation partnership zone, that is in existence on June 29, [2025] **2035**, is
15 terminated on June 30, [2025] **2035**.

16 (2) Notwithstanding subsection (1) of this section:

17 (a) A reservation enterprise zone may be designated, and a reservation
18 partnership zone may be cosponsored, under ORS 285C.306 after June 30,
19 [2025] **2035**; and

20 (b) A business firm may obtain authorization under ORS 285C.140 after
21 June 30, [2025] **2035**:

1 (A) If located in a reservation enterprise zone or a reservation partner-
2 ship zone; or

3 (B) As allowed under ORS 285C.245 (1)(b).

4 **SECTION 2.** ORS 285C.406 is amended to read:

5 285C.406. In order for a taxpayer to claim the property tax exemption
6 under ORS 285C.409 or a corporate excise or income tax credit under ORS
7 317.124:

8 (1) The written agreement between the business firm and the rural en-
9 terprise zone sponsor that is required under ORS 285C.403 (3)(c) must be
10 entered into prior to the termination of the enterprise zone under ORS
11 285C.245; and

12 (2)(a) For the purpose of the property tax exemption, the business firm
13 must obtain certification under ORS 285C.403 on or before June 30, [2025]
14 **2035**; or

15 (b) For the purpose of the corporate excise or income tax credit, the
16 business firm must obtain certification under ORS 285C.403 on or before June
17 30, 2018.

18 **SECTION 3.** Section 6, chapter 905, Oregon Laws 2007, as amended by
19 section 5, chapter 757, Oregon Laws 2015, and section 11, chapter 82, Oregon
20 Laws 2022, is amended to read:

21 **Sec. 6.** (1) ORS 285C.615 and 285C.635 apply to:

22 (a) Tax years beginning on or after January 1, 2009.

23 (b) Income taxes attributable to eligible projects that first become exempt
24 from property taxation under ORS 307.123 on or after January 1, 2008.

25 (2) Distributions under ORS 285C.635 (3) may not be made after July 15,
26 [2025] **2035**.

27 **SECTION 4.** ORS 285B.627 is amended to read:

28 285B.627. (1) In consultation with the Department of Revenue, the Oregon
29 Business Development Department shall establish and administer the Oregon
30 Industrial Site Readiness Program. The purpose of the program is to:

31 (a) Enter into tax reimbursement arrangements with qualified project

1 sponsors pursuant to subsection (5) of this section; or

2 (b) Provide loans, including forgivable loans, to qualified project sponsors
3 pursuant to subsection (5) of this section.

4 (2)(a) Subject to standards and procedures that the Oregon Business De-
5 velopment Department shall establish by rule, the department shall designate
6 regionally significant industrial sites for inclusion in the program.

7 (b) A regionally significant industrial site designated under this section
8 must be an industrial site that is planned and zoned for industrial use.

9 (3) A project sponsor may apply to participate in the program by submit-
10 ting an application and development plan in writing in a form prescribed by
11 the department by rule.

12 (4) The department shall establish by rule criteria and standards for the
13 qualification of project sponsors to participate in the program.

14 (5) Upon qualification of a project sponsor under this section, and before
15 July 1, [2023] **2033**, the department may:

16 (a) Enter into a tax reimbursement arrangement with the project sponsor
17 pursuant to which the project sponsor shall receive an amount equal to 50
18 percent of the estimated incremental income tax revenues generated by an
19 eligible employer per tax year, beginning with the first tax year following
20 the tax year in which a project sponsor is qualified under this section, until
21 the total investment of the qualified project sponsor in the eligible site
22 preparation costs, including interest, established under subsection (7) of this
23 section has been recovered, at which time the tax reimbursement arrange-
24 ment shall end; or

25 (b) Enter into a loan agreement with the project sponsor under terms and
26 conditions specified and required by the department. In making a determi-
27 nation to enter into a loan agreement with the project sponsor, the depart-
28 ment shall consider the reasonableness of the project sponsor's estimated
29 costs to prepare the site for industrial use, including but not limited to eli-
30 gible site preparation costs established by the department pursuant to sub-
31 section (7) of this section. The agreement may specify that a portion of the

1 loan may be forgiven if the project sponsor enters into a contract with an
2 eligible employer to conduct a business in the traded sector industry on a
3 regionally significant industrial site within seven years after the project
4 sponsor was qualified under this section.

5 (6)(a) The total amount of the loan that may be forgiven under subsection
6 (5) of this section is the lesser of:

7 (A) Fifty percent of the total cost of eligible site preparation costs; or

8 (B) Fifty percent of the amount of the estimated incremental income tax
9 revenues for the eligible employer for the term of the loan.

10 (b) Loan forgiveness may not be allowed under subsection (5) of this sec-
11 tion if any portion of the loan that would not be forgiven would be repaid
12 by the project sponsor with state funds received from any source.

13 (7) The department shall establish, by rule, eligible site preparation costs
14 including, but not limited to, some or all of the following:

15 (a) Acquisition and assembly costs associated with creating large devel-
16 opment parcels.

17 (b) Transportation improvements such as access roads, intersections,
18 turning lanes, signals, sidewalks, curbs, transit stops and storm drains.

19 (c) Water and sewer infrastructure.

20 (d) Natural resource mitigation.

21 (e) Site grading activities.

22 (f) Environmental remediation and mitigation activities to address
23 brownfields issues in accordance with state and federally approved remedi-
24 ation plans.

25 (g) Planning, engineering and administrative costs associated with apply-
26 ing for necessary local, state and federal permits.

27 (h) Interest-carrying costs incurred by a project sponsor for amounts
28 borrowed to develop a regionally significant industrial site, not to exceed 20
29 percent of the total amount forgiven, if any, under subsection (5) of this
30 section.

31 (8) The total amount of tax reimbursement arrangements and loan

1 amounts authorized under this section may not exceed \$10 million per year.

2 (9) Funds received pursuant to a tax reimbursement arrangement or a
3 loan agreement under subsection (5) of this section may not be used for the
4 payment of:

5 (a) A penalty or fine; or

6 (b) Environmental remediation activities conducted at a regionally sig-
7 nificant industrial site that is listed or proposed to be listed as a national
8 priority pursuant to the Comprehensive Environmental Response, Compens-
9 sation, and Liability Act of 1980 (42 U.S.C. 9605) for which the project
10 sponsor, eligible employer or any party to the tax reimbursement arrange-
11 ment or loan agreement is liable under 42 U.S.C. 9607 at that regionally
12 significant industrial site.

13 (10) The department shall adopt rules to administer and implement the
14 provisions of this section.

15 **SECTION 5. This 2023 Act takes effect on the 91st day after the date**
16 **on which the 2023 regular session of the Eighty-second Legislative**
17 **Assembly adjourns sine die.**

18
