



April 2023

Legislative Revenue Office

160 State Capitol Building, Salem, Oregon 97301 | 503.986.1266

HB 3457-2: Section by Section Description

(Red text is from the introduced version)

Strategic Investment Program

The Legislative Assembly declares that a significant purpose of the strategic investment program established in ORS 285C.600 to 285C.635 and 307.123 is to improve employment in areas where eligible projects are to be located and urges business firms that will benefit from an eligible project to hire employees from the region in which the eligible project is to be located whenever practicable. (ORS 285C.603)

Strategic Investment Zone

A county seeking to ensure that all eligible projects constructed or installed within a particular geographic area within the county receive the tax exemption under ORS 307.123 [SIP] may request designation of the geographic area as a strategic investment zone. (ORS 285C.623)

There are currently three zones: Gresham, Rural Clackamas, and Urban Clackamas

Gain Share / Shared Services

Upon receipt of information compiled under ORS 285C.615, the Oregon Department of Administrative Services shall determine the annual amount of personal income tax revenue attributable to retained jobs and newly created jobs for each eligible project for which an eligible business firm received a property tax exemption under ORS 307.123 [SIP]. (ORS 285C.635)

Section 1 (ORS 285C.606 Determination of projects for tax exemption; limitations; revenue bond financing; first-source hiring agreements):

- (1) Increases the threshold of eligible projects from \$100M to \$150M, or from \$25M to \$40M if located in a rural area.
- (2) Adjusts these thresholds for inflation beginning in 2025
- (3) The business is required to hold a job fair after placing an announcement through WorkSource Oregon

Section 2 (ORS 285C.623 Strategic investment zones; establishment; fees):

- (1) Conforming change to statute reference due to change in §1
- (2) Disallows the creation of any new Strategic Investment Zones (SIZ) but allows existing SIZs to continue

Section 3 (ORS 285C.609 Request by county; community services fee agreement; distribution of fee proceeds):

- (1) Before the exemption request can be made to the Oregon Business Development Commission for an exemption:
 - a. Emergency services must be involved in the agreement
 - b. At least one individual negotiating on behalf of the local government must have completed a training program prescribed by the OBDD that includes negotiation techniques
- (2) Requires a fee related to emergency services
- (3) Increases the fee cap from \$2.5M to \$5M (the annual fee is 25% of the property taxes that otherwise be due on the exempt property, up to the statutory cap).

Section 4 (ORS 285C.635 Determination of personal income tax revenue; distributions to counties; annual limit; rules):

- (1) Reduces the maximum amount of annual Gain Share distributions received by any single county from \$16M to \$5M

Section 5 (ORS 307.123 Property of strategic investment program eligible projects; rules):

- (1) Increases the amount of real market value that is taxable (at the taxable assessed value under ORS 308.146 - Determination of Maximum Assessed Value) as follows:
 - a. If total cost is \leq \$500M, from \$25M to \$40M
 - b. If total cost is \$500M to \$1B, from \$50M to \$60M
 - c. If total cost is $>$ \$1B, from \$100M to \$150M

Section 6 (Applicability):

- (1) The following become applicable on or after the effective date of this Act
 - a. Changes in §1 to the exemption thresholds for businesses investments
 - b. Changes in §3 to the agreements negotiated by local governments
 - c. Changes in §5 to the taxable values of eligible property

Section 7 (Applicability):

- (1) All changes apply to property tax years beginning on or after July 1, 2024

Section 8 (Effective Date):

- (1) This Act takes effect on the 91st day after adjournment sine die

Gain Share Transfer History

