

House Bill 2517

Sponsored by Representative LIVELY (Presession filed.)

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 **as introduced**.

Exempts cannabis businesses from first-source hiring agreement requirements in enterprise zones.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to cannabis businesses in enterprise zones; creating new provisions; amending ORS
3 285C.175 and 285C.215; and prescribing an effective date.

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

5 **SECTION 1. Section 2 of this 2023 Act is added to and made a part of ORS 285C.050 to**
6 **285C.250.**

7 **SECTION 2. First-source hiring agreement requirements do not apply to a business firm**
8 **to the extent the business firm conducts a business that requires licensure or registration**
9 **under ORS 475C.005 to 475C.525, 475C.540 to 475C.586 or 475C.770 to 475C.919.**

10 **SECTION 3. ORS 285C.175 is amended to read:**

11 285C.175. (1) Property of an authorized business firm is exempt from ad valorem property taxa-
12 tion if:

13 (a) The property is qualified property under ORS 285C.180;

14 (b) The firm meets the qualifications under ORS 285C.200; and

15 (c) **Except as provided in section 2 of this 2023 Act**, the firm has entered into a first-source
16 hiring agreement under ORS 285C.215.

17 (2)(a) Except as otherwise provided in ORS 285C.203:

18 (A) The exemption allowed under this section applies to the first tax year for which, as of Jan-
19 uary 1 preceding the tax year, the qualified property is in service. The exemption shall continue for
20 the next two succeeding tax years if the property continues to be owned or leased by the business
21 firm and located in the enterprise zone.

22 (B) The property may be exempt from property taxation under this section for up to two addi-
23 tional tax years consecutively following the tax years described in subparagraph (A) of this para-
24 graph, if authorized by the written agreement entered into by the firm and the sponsor under ORS
25 285C.160.

26 (b) If qualified property of a qualified business firm is sold or leased to an eligible business firm
27 in the enterprise zone during the period the property is exempt under this section, the purchasing
28 or leasing firm is eligible to continue the exemption of the selling or leasing firm for the balance
29 of the exemption period, but only if any effects on employment within the zone that result from the
30 sale or lease do not constitute substantial curtailment under ORS 285C.210.

31 (3)(a) The exemption allowed under this section shall be 100 percent of the assessed value of the

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 qualified property in each of the tax years for which the exemption is available.

2 (b) Notwithstanding paragraph (a) of this subsection:

3 (A) If the qualified property is an addition to or modification of an existing building or structure,
4 the exemption shall be measured by the increase in value, if any, attributable to the addition or
5 modification.

6 (B) If the qualified property is an item of reconditioned, refurbished, retrofitted or upgraded real
7 property machinery or equipment, the exemption shall be measured by the increase in the value of
8 the item that is attributable to the reconditioning, refurbishment, retrofitting or upgrade.

9 (4)(a) An exemption may not be granted under this section for qualified property assessed for
10 property tax purposes in the county in which the property is located on or before the date on which:

11 (A) Designation of the zone takes effect under ORS 285C.074; or

12 (B) A boundary change for the zone takes effect under ORS 285C.117 if the property is located
13 in an area added to the zone.

14 (b) An exemption may not be granted for qualified property constructed, added, modified or in-
15 stalled in the zone or in the process of construction, addition, modification or installation in the
16 zone on or before the date on which:

17 (A) Designation of the zone takes effect under ORS 285C.074; or

18 (B) A boundary change for the zone takes effect under ORS 285C.117 if the property is located
19 in an area added to the zone.

20 (c) An exemption may not be granted for any qualified property that was in service within the
21 zone for more than 12 months by January 1 of the first assessment year for which an exemption
22 claim is made, or 24 months, in the case of a late claim under ORS 285C.220 (9).

23 (d) An exemption may not be granted for any qualified property unless the property is actually
24 in use or occupancy before July 1 of the year immediately following the year during which the
25 property was first placed in service.

26 (e) Except as provided in ORS 285C.245, an exemption may not be granted for qualified property
27 constructed, added, modified or installed after termination of an enterprise zone.

28 (5) Property is not required to have been exempt under ORS 285C.170 in order to be exempt
29 under this section.

30 (6) The county assessor shall notify the business firm in writing whenever property is denied
31 an exemption under this section. The denial of exemption may be appealed to the Oregon Tax Court
32 under ORS 305.404 to 305.560.

33 (7) For each tax year that the property is exempt from taxation, the assessor shall:

34 (a) Enter on the assessment roll, as a notation, the assessed value of the property as if it were
35 not exempt under this section.

36 (b) Enter on the assessment roll, as a notation, the amount of additional taxes that would be
37 due if the property were not exempt.

38 (c) Indicate on the assessment roll that the property is exempt and is subject to potential addi-
39 tional taxes as provided in ORS 285C.240, by adding the notation “enterprise zone exemption (po-
40 tential additional tax).”

41 **SECTION 4.** ORS 285C.215 is amended to read:

42 285C.215. (1) **Except as provided in section 2 of this 2023 Act**, the qualified property of an
43 authorized business firm may be exempt from property tax under ORS 285C.175 only if the firm en-
44 ters into a first-source hiring agreement for the period of property tax exemption. The agreement
45 must be executed prior to the assessment date for the first tax year for which qualified property of

1 the firm is exempt under ORS 285C.175 and must expire no sooner than December 31 of the final
2 year of the exemption.

3 (2)(a) If a firm [*has not entered*] **that is required to enter** into a first-source hiring agreement
4 **has not done so** when qualified property of the firm is first placed in service, as of April 1 pre-
5 ceding the first tax year for which the authorized business firm claims an exemption for qualified
6 property under ORS 285C.175, the sponsor shall inform the county assessor that an agreement under
7 this section has not been executed.

8 (b) A publicly funded job training provider having knowledge of the date when qualified property
9 of the firm is first placed in service may also inform the county assessor that an agreement under
10 this section has not been executed.

11 (3) In accordance with rules adopted by the Oregon Business Development Department, the Di-
12 rector of the Oregon Business Development Department may waive the requirements of subsection
13 (1) of this section for an authorized business firm. The rules adopted by the department shall provide
14 for a waiver under this subsection when the director finds that:

15 (a) The business firm is unable to employ persons referred under the agreement; or

16 (b) The waiver would further the goals and purposes of applicable state policies.

17 **SECTION 5. Section 2 of this 2023 Act and the amendments to ORS 285C.175 and 285C.215**
18 **by sections 3 and 4 of this 2023 Act apply to applications for exemption filed on or after the**
19 **effective date of this 2023 Act.**

20 **SECTION 6. This 2023 Act takes effect on the 91st day after the date on which the 2023**
21 **regular session of the Eighty-second Legislative Assembly adjourns sine die.**

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