

House Bill 3011

Sponsored by Representative GRAYBER (Pre-session 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**.

Provides for transparency and coordination when local governments enter into agreements for property tax exemptions with business firms. Provides certain limits on length of exemption periods and value of tax savings.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to government agreements with business firms; creating new provisions; amending ORS
3 244.050, 285C.135, 285C.155, 285C.175, 285C.403, 285C.409, 285C.412, 285C.600, 285C.606, 285C.609
4 and 307.123; and prescribing an effective date.

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

6 **SECTION 1. Section 2 of this 2023 Act is added to and made a part of ORS 285C.050 to**
7 **285C.250.**

8 **SECTION 2. (1) The sponsor of an enterprise zone shall notify the Oregon Business De-**
9 **velopment Department of the sponsor's intent to enter into an agreement with a business**
10 **firm for purposes of ORS 285C.050 to 285C.250.**

11 **(2) Upon receiving notice under subsection (1) of this section, if the department deter-**
12 **mines that the execution of the agreement may increase the use of infrastructure located**
13 **outside the sponsor's boundaries, the department shall convene a meeting with the sponsor**
14 **and all adjacent local governments within whose boundaries infrastructure may be so af-**
15 **ected.**

16 **(3) Upon request, the department shall provide technical assistance to a sponsor intend-**
17 **ing to enter into an agreement with a business firm.**

18 **SECTION 3. ORS 285C.155 is amended to read:**

19 285C.155. For purposes of ORS 285C.200 (2):

20 (1) The sponsor of an enterprise zone, at the time authorization is sought by a business firm
21 under ORS 285C.140, shall establish a minimum number of employees the firm must maintain in the
22 enterprise zone throughout the exemption period.

23 (2) The sponsor, at the time authorization is sought by a business firm under ORS 285C.140, may
24 establish other reasonable conditions with which the firm must comply in order for qualified prop-
25 erty of the firm to be exempt under ORS 285C.175.

26 (3)(a) Employment requirements and other conditions established by the sponsor under this
27 section shall be set forth in a resolution adopted by the governing body of the sponsor at the time
28 the sponsor approves the application of the business firm for authorization under ORS 285C.140.

29 [(4)] (b) A resolution adopted pursuant to this [section] **subsection** may be modified at the re-
30 quest of the business firm at any time prior to the start of the first tax year for which an exemption

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 under ORS 285C.175 is claimed.

2 (4)(a) **In addition to the requirements and other conditions required to be set forth in the**
 3 **resolution adopted by the sponsor under subsection (3) of this section, the sponsor, and the**
 4 **governing body of each other public body that has entered into an agreement, or has made**
 5 **or is expected to make any other arrangement or accommodation, with the business firm in**
 6 **relation to the exemption of the business firm's qualified property, shall each adopt a resolu-**
 7 **tion setting forth the following information related to such agreement, arrangement or**
 8 **accommodation:**

9 (A) **Job creation requirements;**

10 (B) **The expansion of infrastructure to accommodate any development associated with**
 11 **the qualified property and how the expansion will be financed; and**

12 (C) **Any other nonstatutory benefits, whether monetary or otherwise, being offered by**
 13 **the public parties to the agreement, including, but not limited to:**

14 (i) **Waivers or reductions of, or credits against, fees;**

15 (ii) **Flexibility or priority in local government regulation related to the qualified property;**
 16 **and**

17 (iii) **Enhanced public services provided by local government.**

18 (b) **All agreements and other arrangements and accommodations that relate to a busi-**
 19 **ness firm's decision to locate qualified property in an enterprise zone, or to the sponsor's**
 20 **approval of the exemption, are subject to this subsection, whether required under statute**
 21 **or otherwise, including, but not limited to, any form prescribed by the Oregon Business De-**
 22 **velopment Department that is required in the process of claiming the exemption.**

23 (c) **A sponsor or other public body required to adopt a resolution under this subsection**
 24 **may redact any information that is exempt from public disclosure under ORS 192.311 to**
 25 **192.478.**

26 (d) **The department may adopt rules for purposes of this subsection.**

27 **SECTION 4.** ORS 285C.135 is amended to read:

28 285C.135. (1) To be an eligible business firm, a business firm must be engaged, or proposing to
 29 engage, within the enterprise zone, in the business of providing goods, products or services to busi-
 30 nesses or other organizations through activities including, but not limited to, manufacturing, as-
 31 sembly, fabrication, processing, shipping or storage.

32 (2) A business firm is not an eligible business firm if the firm is:

33 (a) Engaged within the enterprise zone in the business of providing goods, products or services
 34 to the general public for personal or household use.

35 (b) Significantly engaged in a business activity within the enterprise zone that consists of retail
 36 sales or services, **the provision of services to the retail sector, such as warehousing goods for**
 37 **delivery to retail purchasers**, child care, housing, retail food service, health care, tourism, enter-
 38 tainment, financial services, professional services, leasing space to others, property management,
 39 construction or other similar activities, even if for another business or organization.

40 (3) If a business firm described in subsection (2) of this section engages in an activity described
 41 in subsection (1) of this section, the business firm is an eligible business firm if the activity is per-
 42 formed at a location that is separate from the activity of the firm that is described in subsection (2)
 43 of this section. Property at the location at which the firm conducts an activity described in sub-
 44 section (2) of this section may not be exempt under ORS 285C.175.

45 (4) Two or more business firms that otherwise meet the requirements of this section may elect

1 to be treated as one eligible business firm if 100 percent of the equity interest in the business firms
 2 is owned by the same person or persons, or if one of the business firms owns 100 percent of the
 3 equity interest of the other or others.

4 (5) Notwithstanding subsections (1) to (3) of this section, each of the following business firms is
 5 an eligible business firm under subsection (1) of this section:

6 (a) A business firm engaged in the activity of providing a retail or financial service within the
 7 enterprise zone if:

8 (A) The activity serves customers by responding to orders or requests received only by tele-
 9 phone, computer, the Internet or similar means of telecommunications; and

10 (B) Not less than 90 percent of the customers or orders are located and originate in an area
 11 from which long distance telephone charges, in the absence of a toll-free number, would apply if the
 12 order were placed by telephone.

13 (b) A business firm that operates a facility within the enterprise zone that serves statewide,
 14 regional, national or global operations of the firm through administrative, design, financial, man-
 15 agement, marketing or other activities, without regard to the relationship of these activities to any
 16 otherwise eligible activities within the enterprise zone.

17 (c) A business firm that operates a hotel, motel or destination resort in the enterprise zone if
 18 the sponsor has elected under ORS 285C.070 to treat a business firm engaged in hotel, motel or
 19 destination resort operations in an enterprise zone as an eligible business firm.

20 (d) A business firm that is engaged in electronic commerce if the enterprise zone has been des-
 21 signated for electronic commerce under ORS 285C.095.

22 **SECTION 5.** ORS 285C.175 is amended to read:

23 285C.175. (1) Property of an authorized business firm is exempt from ad valorem property taxa-
 24 tion if:

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

26 (b) The firm meets the qualifications under ORS 285C.200; *[and]*

27 (c) The firm has entered into a first-source hiring agreement under ORS 285C.215[.]; **and**

28 **(d) For property located in a county with a population greater than 420,000, the floor area**
 29 **ratio is at least 2,500 square feet per employee.**

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

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

35 (B) The property may be exempt from property taxation under this section for up to two addi-
 36 tional tax years consecutively following the tax years described in subparagraph (A) of this para-
 37 graph, if authorized by the written agreement entered into by the firm and the sponsor under ORS
 38 285C.160.

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

44 (3)(a) The exemption allowed under this section shall be 100 percent of the assessed value of the
 45 qualified property in each of the tax years for which the exemption is available.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

40 **SECTION 6. Section 7 of this 2023 Act is added to and made a part of ORS 285C.400 to**
41 **285C.420.**

42 **SECTION 7. (1) The sponsor of a rural enterprise zone shall notify the Oregon Business**
43 **Development Department of the sponsor's intent to enter into an agreement with a business**
44 **firm for purposes of ORS 285C.400 to 285C.420.**

45 **(2) Upon receiving notice under subsection (1) of this section, if the department deter-**

1 mines that the execution of the agreement may increase the use of infrastructure located
 2 outside the sponsor's boundaries, the department shall convene a meeting with the sponsor
 3 and all adjacent local governments within whose boundaries infrastructure may be so af-
 4 fected.

5 (3) Upon request, the department shall provide technical assistance to a sponsor intend-
 6 ing to enter into an agreement with a business firm.

7 **SECTION 8.** ORS 285C.403 is amended to read:

8 285C.403. (1)(a) Any business firm proposing to apply for the tax exemption provided under ORS
 9 285C.409 shall, before the commencement of construction or installation of property or improvements
 10 at a location in a rural enterprise zone and before the hiring of employees, apply for certification
 11 with the sponsor of the zone and with the county assessor of the county or counties in which the
 12 zone is located. The application shall be made on a form prescribed by the Department of Revenue.

13 (b) **A business firm may not be certified under this section if its primary business is op-
 14 erating facilities in, or that provide service to, the retail sector, including, but not limited
 15 to, warehousing goods for delivery to retail purchasers.**

16 (2) The application shall contain the following information:

17 (a) A description of the firm's proposed business operations and facility in the rural enterprise
 18 zone;

19 (b) A description and estimated cost or value of the property or improvements to be constructed
 20 or installed at the facility;

21 (c) An estimate of the number of employees at the facility that will be hired by the firm;

22 (d) A commitment to meet the applicable requirements of ORS 285C.412;

23 (e) A commitment to satisfy all additional conditions agreed to pursuant to the written agree-
 24 ment between the rural enterprise zone sponsor and the business firm under subsection (3)(c) of this
 25 section; and

26 (f) Any other information considered necessary by the Department of Revenue.

27 (3) The sponsor and the county assessor shall certify the business firm by approving the appli-
 28 cation if the sponsor and the county assessor determine that all of the following requirements have
 29 been met:

30 (a) The governing body of the county and city in which the facility is located has adopted a
 31 resolution approving the property tax exemption for the facility.

32 (b) The business firm has committed to meet the applicable requirements of ORS 285C.412.

33 (c) The business firm has entered into a written agreement with the sponsor of the rural enter-
 34 prise zone that may include any additional requirements that the sponsor may reasonably request,
 35 including but not limited to contributions for local services or infrastructure benefiting the facility.
 36 *[The written agreement shall state the number of consecutive tax years for which the facility, following
 37 commencement of operations, is to be exempt from property tax under ORS 285C.409. The agreement
 38 may not provide for a period of exemption that is less than seven consecutive tax years or more than
 39 15 consecutive tax years. If the agreement is silent on the number of tax years for which the facility
 40 is to be exempt following placement in service, the exemption shall be for seven consecutive tax
 41 years.]*

42 (d) When the written agreement required under paragraph (c) of this subsection is executed, the
 43 facility is located in:

44 (A) A qualified rural county; or

45 (B) A county with chronically low income or chronic unemployment, based on the most recently

1 revised annual data available.

2 (4)(a) **In addition to the requirements and additional conditions required to be set forth**
 3 **in the resolution adopted by the sponsor under subsection (3) of this section, the sponsor,**
 4 **and the governing body of each other public body that has entered into an agreement, or has**
 5 **made or is expected to make any other arrangement or accommodation, with the business**
 6 **firm in relation to the exemption of the business firm's facility, shall each adopt a resolution**
 7 **setting forth the following information related to such agreement, arrangement or accom-**
 8 **modation:**

9 (A) **Job creation requirements;**

10 (B) **The expansion of infrastructure to accommodate any development associated with**
 11 **the facility and how the expansion will be financed; and**

12 (C) **Any other nonstatutory benefits, whether monetary or otherwise, being offered by**
 13 **the public parties to the agreement, including, but not limited to:**

14 (i) **Waivers or reductions of, or credits against, fees;**

15 (ii) **Flexibility or priority in local government regulation related to the facility; and**

16 (iii) **Enhanced public services provided by local government.**

17 (b) **All agreements and other arrangements and accommodations that relate to a busi-**
 18 **ness firm's decision to locate a facility in a rural enterprise zone, or to the sponsor's ap-**
 19 **proval of the exemption, are subject to this subsection, whether required under statute or**
 20 **otherwise, including, but not limited to, any form prescribed by the Department of Revenue**
 21 **that is required in the process of claiming the exemption.**

22 (c) **A sponsor or other public body required to adopt a resolution under this subsection**
 23 **may redact any information that is exempt from public disclosure under ORS 192.311 to**
 24 **192.478.**

25 (d) **The Department of Revenue may adopt rules for purposes of this subsection.**

26 [(4)] (5) **The approval of an application by both the sponsor and the county assessor under sub-**
 27 **section (3) of this section shall be prima facie evidence that the business firm will qualify for the**
 28 **property tax exemption under ORS 285C.409.**

29 [(5)] (6) **The sponsor and the county assessor shall provide copies of an approved application to**
 30 **the applicant, the Department of Revenue and the Oregon Business Development Department.**

31 [(6)] (7) **If the sponsor or the county assessor fails or refuses to certify the business firm, the**
 32 **business firm may appeal to the Oregon Tax Court under ORS 305.404 to 305.560. The business firm**
 33 **shall provide copies of the firm's appeal to the sponsor, the county assessor, the Oregon Business**
 34 **Development Department and the Department of Revenue.**

35 **SECTION 9.** ORS 285C.409 is amended to read:

36 285C.409. (1) A facility of a certified business firm is exempt from ad valorem property taxation:

37 (a) **For the first tax year following the calendar year in which the business firm is certified**
 38 **under ORS 285C.403 or after which construction or reconstruction of the facility commences,**
 39 **whichever event occurs later;**

40 (b) **For each subsequent tax year in which the facility is not yet in service as of the assessment**
 41 **date; and**

42 (c) **For a period of [at least seven] eight consecutive tax years [but not more than 15 consecutive**
 43 **tax years, as provided in the written agreement between the business firm and the rural enterprise zone**
 44 **sponsor under ORS 285C.403 (3)(c),] if the facility satisfies the requirements of ORS 285C.412. The**
 45 **period described in this paragraph shall commence as of the first tax year in which the facility is**

1 in service as of the assessment date.

2 **(2) A facility of a certified business firm is 50 percent exempt from ad valorem property**
 3 **taxation for an additional two years if the facility satisfies the requirements of ORS 285C.412.**

4 [(2)] (3) An exemption under this section may not be allowed:

5 (a) For real or personal property that has received a property tax exemption under ORS
 6 285C.170 or 285C.175.

7 **(b) For property located in a county with a population greater than 420,000, the floor area**
 8 **ratio is at least 2,500 square feet per employee.**

9 [(3)] (4) For each tax year that the facility is exempt from taxation under this section, the
 10 county assessor shall:

11 (a) Enter on the assessment and tax roll, as a notation, the real market value and assessed value
 12 of the facility.

13 (b) Enter on the assessment and tax roll, as a notation, the amount of tax that would be due if
 14 the facility were not exempt.

15 (c) Indicate on the assessment and tax roll that the property is exempt and is subject to poten-
 16 tial additional taxes as provided in ORS 285C.420 by adding the notation “enterprise zone exemption
 17 (potential additional tax).”

18 [(4)] (5) The amount determined under subsection [(3)(b)] (4)(b) of this section and the name of
 19 the business firm shall be reported to the Department of Revenue on or before December 31 of each
 20 tax year so that the department may compute the distributions described in ORS 317.131.

21 [(5)] (6) The following property may not be exempt from property taxation under this section:

22 (a) Land.

23 (b) Any property that existed at the facility on an assessment date before the assessment date
 24 for the first tax year for which property of the firm is exempt under this section.

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

26 285C.412. In order for a facility of a business firm to continue to be exempt from ad valorem
 27 property taxation under ORS 285C.409 for a tax year following the first assessment date on which
 28 the facility is in service, all of the conditions of any one of the alternative subsections in this sec-
 29 tion must be met:

30 (1) In order for the exemption under ORS 285C.409 (1)(c) **or** (2) 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 \$25 million or one percent of the real market value of all nonex-
 34 empt taxable property in the county in which the facility is located, as determined for the assess-
 35 ment year in which the business firm is certified (and rounded to the nearest \$10 million of such
 36 value);

37 (b) The business firm hires or will hire at least 75 full-time employees at the facility by the end
 38 of the fifth calendar year following the year in which the facility is placed in service; and

39 (c) The annual average compensation for employees, based on payroll, at the business firm’s fa-
 40 cility must be at least 150 percent of the average wage in the county in which the facility is located,
 41 or, if the facility is located in a qualified rural county, determined as of the date on which the
 42 written agreement between the zone sponsor and the business firm was executed, the annual average
 43 compensation must be at least 130 percent of the average wage in the county in which the facility
 44 is located. This requirement may be initially met in any year during the first five years after the
 45 year in which the facility is placed in service, and thereafter is met if:

1 (A) The annual average compensation at the facility for the year equals or exceeds 150 percent
 2 of the average wage in the county for the year in which the requirement is initially met or, for a
 3 facility located in a qualified rural county, determined as of the date on which the written agree-
 4 ment between the zone sponsor and the business firm was executed, the annual average compen-
 5 sation at the facility for the year equals or exceeds 130 percent of the average wage in the county
 6 for the year in which the requirement is initially met; and

7 (B) The average wage at the facility equals or exceeds 100 percent of the average wage in the
 8 county.

9 (2) In order for the exemption under ORS 285C.409 (1)(c) **or** (2) to be allowable pursuant to this
 10 subsection:

11 (a) The facility meets the total cost requirements set forth in subsection (1)(a) of this section;

12 (b) The business firm meets the annual average compensation requirements set forth in sub-
 13 section (1)(c) of this section; and

14 (c)(A) The business firm hires or will hire at least 10 full-time employees at the facility by the
 15 end of the third calendar year following the year in which the facility is placed in service, and at
 16 the time that the business firm is certified, the location of the facility is in a county with a popu-
 17 lation of 10,000 or fewer; or

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

22 (3) In order for the exemption under ORS 285C.409 (1)(c) **or** (2) to be allowable pursuant to this
 23 subsection:

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

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

32 (c) The business firm meets the annual average compensation requirements set forth in sub-
 33 section (1)(c) of this section; and

34 (d)(A) The business firm hires or will hire at least 50 full-time employees at the facility by the
 35 end of the third calendar year following the year in which the facility is placed in service; or

36 (B) The business firm satisfies the requirements of subsection (2)(c)(A) or (B) of this section.

37 (4) In order for the exemption under ORS 285C.409 (1)(c) **or** (2) to be allowable pursuant to this
 38 subsection:

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

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

45 (c) The business firm meets the annual average compensation requirements set forth in sub-

1 section (1)(c) of this section independently for each facility of the firm; and

2 (d) The business firm hires or will hire a total of at least 100 full-time employees at all of the
 3 firm's facilities by the end of the fifth calendar year following the year in which the first such fa-
 4 cility is placed in service.

5 (5) In order for the exemption under ORS 285C.409 (1)(c) **or (2)** to be allowable pursuant to this
 6 subsection:

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

9 (b) At the time that the business firm is certified, the location of the facility meets the siting
 10 requirements of subsection (3)(b) of this section;

11 (c) The business firm hires or will hire at least 10 full-time employees at the facility by the end
 12 of the third calendar year following the year in which the facility is placed in service; and

13 (d) The business firm meets the annual average compensation requirements set forth in sub-
 14 section (1)(c) of this section.

15 **SECTION 11.** ORS 307.123 is amended to read:

16 307.123. (1) Except as provided in subsection (4) of this section, real or personal property that
 17 the Oregon Business Development Commission, acting pursuant to ORS 285C.606, has determined is
 18 an eligible project under ORS 285C.600 to 285C.635 shall be subject to assessment and taxation as
 19 provided in this section.

20 (2)(a) **Except as provided in subsection (3) of this section,** the following portions of the real
 21 market value of the eligible project, increased annually for growth at the rate of three percent, shall
 22 be taxable at the taxable portion's assessed value under ORS 308.146:

23 (A) The minimum cost of the project under ORS 285C.606 (1)(c)(A); or

24 (B) If the project is located in a rural area as defined in ORS 285C.600:

25 (i) \$25 million for a project with a total cost of not more than \$500 million.

26 (ii) \$50 million for a project with a total cost of more than \$500 million and not more than \$1
 27 billion.

28 (iii) \$100 million for a project with a total cost of more than \$1 billion.

29 (b) The taxable portion of real market value, as adjusted, shall be allocated as follows until the
 30 entire amount is assigned: first to land, second to buildings, third to real property machinery and
 31 equipment and last to personal property.

32 (c) **Except as provided in subsection (3) of this section,** the remainder of the real market
 33 value shall be exempt from taxation for a period of [15] **eight** years from the beginning of the **first**
 34 tax year **that begins** after the [*earliest*] **earlier** of the following dates:

35 (A) The date the property is certified for occupancy or, if no certificate of occupancy is issued,
 36 the date the property is used to produce a product for sale; or

37 (B) The expiration of the exemption for commercial facilities under construction under ORS
 38 307.330.

39 **(d) The period of exemption from taxation under paragraph (c) of this section may be**
 40 **renewed one time for no more than two years from the first tax year that begins after the**
 41 **expiration of the eight-year period of exemption.**

42 (3) If the real market value of the property falls below the value determined under subsection
 43 (2)(a) of this section, the owner or lessee shall pay taxes only on the assessed value of the property.

44 (4) Notwithstanding subsection (1) of this section, real or personal property that has received
 45 an exemption under ORS 285C.175 may not be assessed under this section.

1 (5) The Department of Revenue may adopt rules and prescribe forms that the department de-
 2 termines are necessary for administration of this section.

3 (6) The determination by the Oregon Business Development Commission that a project is an el-
 4 igible project that may receive a tax exemption under this section shall be conclusive, so long as
 5 the property included in the eligible project is constructed and installed in accordance with the
 6 application approved by the commission.

7 (7)(a) Notwithstanding subsection (1) of this section, if the owner or lessee of property exempt
 8 under this section fails to pay the fee required under ORS 285C.609 [(4)(b)] (5)(b) by the end of the
 9 tax year in which it is due, the exemption shall be revoked and the property shall be fully taxable
 10 for the following tax year and for each subsequent tax year for which the fee remains unpaid. If an
 11 unpaid fee is paid after the exemption is revoked, the property shall again be eligible for the ex-
 12 emption provided under this section, beginning with the tax year after the payment is made. Rein-
 13 statement of the exemption under this subsection shall not extend the 15-year exemption period
 14 provided for in subsection (2)(c) of this section.

15 **(b) If the owner or lessee of property exempt under this section fails for 18 consecutive**
 16 **months to meet the requirements of job creation and employee compensation agreed to in**
 17 **any agreement entered into under ORS 285C.600 to 285C.635:**

18 **(A) The exemption shall be revoked and the property shall be fully taxable beginning with**
 19 **the next property tax year; and**

20 **(B) An additional tax shall be added to the tax extended against the property on the next**
 21 **assessment and tax roll, to be collected and distributed in the same manner as other ad**
 22 **valorem property tax moneys, in an amount equal to the difference between the taxes as-**
 23 **sessed against the property plus any fees paid under ORS 285C.609 and the taxes that would**
 24 **otherwise have been assessed against the property if it had not been granted the exemption,**
 25 **for each of the number of years for which the property was granted the exemption.**

26 **(c) The county assessor shall enter on the assessment and tax roll the notation “potential**
 27 **additional tax liability” until the property is disqualified by expiration of the period of ex-**
 28 **emption or failure under paragraph (b) of this subsection.**

29 **SECTION 12.** ORS 285C.600 is amended to read:

30 285C.600. As used in ORS 285C.600 to 285C.635:

31 (1) “Business firm” has the meaning given that term in ORS 285C.050.

32 (2) “Eligible project” means a project that meets criteria established by the Oregon Business
 33 Development Commission to be exempt from property taxation under ORS 307.123.

34 (3) “First-source hiring agreement” has the meaning given that term in ORS 285C.050.

35 (4) “Newly created jobs” means, for an eligible project, total jobs less retained jobs.

36 (5) “Publicly funded job training provider” has the meaning given that term in ORS 285C.050.

37 (6) “Rural area” means an area located entirely outside of the urban growth boundary of a city
 38 with a population of 40,000 or more, as the urban growth boundary is acknowledged on the date on
 39 which an applicant submits an application, pursuant to rules adopted by the Oregon Business De-
 40 velopment Department, for property tax exemption under ORS 307.123.

41 (7) “Strategic investment zone” means a geographic area established under ORS 285C.623, within
 42 which the property of eligible projects may be exempt from property taxation under ORS 307.123.

43 **(8)(a) “Traded sector” means industries in which member firms sell their goods or ser-**
 44 **vices into markets for which national or international competition exists.**

45 **(b) “Traded sector” does not include operating facilities in, or that provide service to, the**

1 **retail sector, including, but not limited to, warehousing goods for delivery to retail purchas-**
 2 **ers.**

3 **SECTION 13.** ORS 285C.606 is amended to read:

4 285C.606. (1) The State of Oregon, acting through the Oregon Business Development Commis-
 5 sion, may determine that real and personal property constituting a project shall receive the tax ex-
 6 emption provided in ORS 307.123 if:

7 (a) The project is an eligible project;

8 (b) The project directly benefits a traded sector; [*industry, as defined in ORS 285B.280; and*]

9 (c) The total cost of the project equals or exceeds:

10 (A) \$100 million; or

11 (B) \$25 million, if the project is located in a rural area[.]; **and**

12 **(d) For a project located in a county with a population greater than 420,000, the floor area**
 13 **ratio is at least 2,500 square feet per employee.**

14 (2) In addition to and not in lieu of the determination described in subsection (1) of this section,
 15 the State of Oregon, acting through the Oregon Business Development Commission, shall determine
 16 that real and personal property constituting a project shall receive the tax exemption provided in
 17 ORS 307.123 if:

18 (a) The requirements of subsection (1) of this section are met; and

19 (b) The project is to be constructed or installed in a strategic investment zone established under
 20 ORS 285C.623.

21 (3) Notwithstanding subsection (1) or (2) of this section, property may not qualify for the tax
 22 exemption under ORS 307.123 if the property:

23 (a) Was previously owned or leased by the business firm benefiting from the tax exemption;

24 (b) Was previously exempt under ORS 307.123 for any period of time; or

25 (c) If located in a strategic investment zone, is not newly constructed or newly installed prop-
 26 erty.

27 (4) The State of Oregon, acting through the State Treasurer, may authorize and issue revenue
 28 bonds for an eligible project that qualifies for exemption under ORS 307.123 if the project also is
 29 eligible for funding through the issuance of revenue bonds under ORS 285B.320 to 285B.371.

30 (5) A business firm that will be benefited by an eligible project shall enter into a first-source
 31 hiring agreement with a publicly funded job training provider that will remain in effect until the end
 32 of the tax exemption period.

33 (6) If an eligible project is leased or subleased to any person, the lessee shall be required to pay
 34 property taxes levied upon or with respect to the leased premises only in accordance with ORS
 35 307.123.

36 (7) For purposes of determining the assessment and taxation of the eligible project in ORS
 37 307.123 and the calculation of the community services fee in ORS 285C.609 [(4)(b)] **(5)(b)**, the Oregon
 38 Business Development Commission, when it determines that the project is an eligible project, shall:

39 (a) Describe the real and personal property to be included in the eligible project;

40 (b) Establish the maximum value of the property subject to exemption; or

41 (c) Employ a comparable method to define the eligible project.

42 (8) Property of an eligible project that is currently exempt under ORS 307.123 may remain ex-
 43 empt for any remaining period of exemption allowed under ORS 307.123 upon the property being
 44 acquired by a business firm that is different from the business firm that initially benefited from the
 45 exemption, if the acquiring firm satisfies all applicable requirements under ORS 285C.600 to 285C.635

1 and assumes the obligations, conditions, requirements and other terms of the agreement described
 2 in ORS 285C.609 [(4)] (5).

3 **SECTION 14.** ORS 285C.609 is amended to read:

4 285C.609. (1) A determination under ORS 285C.606 (1) by the Oregon Business Development
 5 Commission that a project shall be exempt from property taxation under ORS 307.123 must be re-
 6 quested by official action of the governing body of the county taken at a regular or duly called
 7 special meeting [thereof] by the affirmative vote of a majority of its members.

8 **(2)(a) In addition to the official action required under subsection (1) of this section, the**
 9 **county, and the governing body of each other public body that has entered into an agree-**
 10 **ment, or has made or is expected to make any other arrangement or accommodation, with**
 11 **the business firm in relation to the exemption of the business firm's eligible project, shall**
 12 **each adopt a resolution setting forth the following information related to such agreement,**
 13 **arrangement or accommodation:**

14 **(A) Job creation requirements;**

15 **(B) The expansion of infrastructure to accommodate any development associated with**
 16 **the eligible project and how the expansion will be financed; and**

17 **(C) Any other nonstatutory benefits, whether monetary or otherwise, being offered by**
 18 **the public parties to the agreement, including, but not limited to:**

19 **(i) Waivers or reductions of, or credits against, fees;**

20 **(ii) Flexibility or priority in local government regulation related to the eligible project;**
 21 **and**

22 **(iii) Enhanced public services provided by local government.**

23 **(b) All agreements and other arrangements and accommodations that relate to a busi-**
 24 **ness firm's decision to locate an eligible project in the county, or to the county's approval**
 25 **of the exemption, are subject to this subsection, whether required under statute or other-**
 26 **wise, including, but not limited to, any form prescribed by the Oregon Business Development**
 27 **Department that is required in the process of claiming the exemption.**

28 **(c) A sponsor or other public body required to adopt a resolution under this subsection**
 29 **may redact any information that is exempt from public disclosure under ORS 192.311 to**
 30 **192.478.**

31 **(d) The department may adopt rules for purposes of this subsection.**

32 [(2)] **(3)(a)** The governing body of [any Oregon] a county shall forward appropriate prospective
 33 eligible projects to the [Oregon Business Development] department for processing.

34 [(3)] **(b)** [For purposes of this section,] For **eligible** projects located on a federally recognized
 35 Oregon Indian reservation, the governing body of [a] **the county in which the eligible project is**
 36 **located** shall be considered to be the governing body of the federally recognized Oregon Indian
 37 tribe.

38 **(4)(a) Upon receiving a prospective eligible project forwarded under subsection (2) of this**
 39 **section, if the department determines that the eligible project may increase the use of**
 40 **infrastructure located outside the county, the department shall convene a meeting with the**
 41 **sponsor and all adjacent local governments within whose boundaries infrastructure may be**
 42 **so affected.**

43 **(b) Upon request, the department shall provide technical assistance to a county proposing**
 44 **an eligible project.**

45 [(4)] **(5)** The county may not make the request under subsection (1) of this section unless, after

1 a public hearing:

2 (a) The county and, if the proposed eligible project will be located within a city, the city have
3 entered into an agreement with the business firm, as described in this subsection.

4 (b) The agreement provides for the payment of a fee by the business firm, as follows:

5 (A) The fee shall be for community services support that relates to the direct impact of the el-
6 igible project on public services.

7 (B) The fee shall be in an amount equal to 25 percent of the property taxes that would, but for
8 the exemption, be due on the exempt property in each assessment year[, *but not exceeding \$2.5*
9 *million in any year*].

10 (C) The fee shall be paid annually during the tax exemption period, as of a date set forth in the
11 agreement.

12 (c) The agreement provides for the refunding or crediting of overpayments, for interest on late
13 payments or underpayments and for the manner in which the appeal of the assessed value of the
14 property included in the project will affect the fee.

15 [(5)] (6) The agreement described in subsection [(4)] (5) of this section may provide for any other
16 requirements related to the project.

17 [(6)(a)] (7)(a) The fee collected under subsection [(4)(b)] (5)(b) of this section shall be distributed
18 by the county based on an agreement. The agreement is effective only if:

19 (A) The county and the city, if any, in which the eligible project is located have entered into
20 the agreement; and

21 (B) Local taxing districts listed in ORS 198.010 or 198.180 that constitute at least 75 percent of
22 the property tax authority of all local taxing districts listed in ORS 198.010 or 198.180 in the code
23 area in which the eligible project is located have entered into the agreement.

24 (b) If an effective agreement is not entered into under paragraph (a) of this subsection within
25 three months after the date of the determination by the commission under ORS 285C.606 (1), the
26 commission shall, by official action, establish a formula for distributing the fee collected under
27 subsection [(4)(b)] (5)(b) of this section.

28 **SECTION 15.** ORS 244.050, as amended by section 1, chapter 66, Oregon Laws 2022, is amended
29 to read:

30 244.050. (1) On or before April 15 of each year the following persons shall file with the Oregon
31 Government Ethics Commission a verified statement of economic interest as required under this
32 chapter:

33 (a) The Governor, Secretary of State, State Treasurer, Attorney General, Commissioner of the
34 Bureau of Labor and Industries, district attorneys and members of the Legislative Assembly.

35 (b) Any judicial officer, including justices of the peace and municipal judges, except any pro tem
36 judicial officer who does not otherwise serve as a judicial officer.

37 (c) Any candidate for a public office designated in paragraph (a) or (b) of this subsection.

38 (d) The Deputy Attorney General.

39 (e) The Deputy Secretary of State.

40 (f) The Legislative Administrator, the Legislative Counsel, the Legislative Fiscal Officer, the
41 Legislative Policy and Research Director, the Secretary of the Senate, the Chief Clerk of the House
42 of Representatives and the Legislative Equity Officer.

43 (g) The president and vice presidents, or their administrative equivalents, in each public uni-
44 versity listed in ORS 352.002.

45 (h) The following state officers:

- 1 (A) Adjutant General.
- 2 (B) Director of Agriculture.
- 3 (C) Manager of State Accident Insurance Fund Corporation.
- 4 (D) Water Resources Director.
- 5 (E) Director of the Department of Environmental Quality.
- 6 (F) Director of the Oregon Department of Administrative Services.
- 7 (G) State Fish and Wildlife Director.
- 8 (H) State Forester.
- 9 (I) State Geologist.
- 10 (J) Director of Human Services.
- 11 (K) Director of the Department of Consumer and Business Services.
- 12 (L) Director of the Department of State Lands.
- 13 (M) State Librarian.
- 14 (N) Administrator of the Oregon Liquor and Cannabis Commission.
- 15 (O) Superintendent of State Police.
- 16 (P) Director of the Public Employees Retirement System.
- 17 (Q) Director of Department of Revenue.
- 18 (R) Director of Transportation.
- 19 (S) Public Utility Commissioner.
- 20 (T) Director of Veterans' Affairs.
- 21 (U) Executive director of Oregon Government Ethics Commission.
- 22 (V) Director of the State Department of Energy.
- 23 (W) Director and each assistant director of the Oregon State Lottery.
- 24 (X) Director of the Department of Corrections.
- 25 (Y) Director of the Oregon Department of Aviation.
- 26 (Z) Executive director of the Oregon Criminal Justice Commission.
- 27 (AA) Director of the Oregon Business Development Department.
- 28 (BB) Director of the Oregon Department of Emergency Management.
- 29 (CC) Director of the Employment Department.
- 30 (DD) State Fire Marshal.
- 31 (EE) Chief of staff for the Governor.
- 32 (FF) Director of the Housing and Community Services Department.
- 33 (GG) State Court Administrator.
- 34 (HH) Director of the Department of Land Conservation and Development.
- 35 (II) Board chairperson of the Land Use Board of Appeals.
- 36 (JJ) State Marine Director.
- 37 (KK) Executive director of the Oregon Racing Commission.
- 38 (LL) State Parks and Recreation Director.
- 39 (MM) Public defense services executive director.
- 40 (NN) Chairperson of the Public Employees' Benefit Board.
- 41 (OO) Director of the Department of Public Safety Standards and Training.
- 42 (PP) Executive director of the Higher Education Coordinating Commission.
- 43 (QQ) Executive director of the Oregon Watershed Enhancement Board.
- 44 (RR) Director of the Oregon Youth Authority.
- 45 (SS) Director of the Oregon Health Authority.

- 1 (TT) Deputy Superintendent of Public Instruction.
- 2 (i) The First Partner, the legal counsel, the deputy legal counsel and all policy advisors within
- 3 the Governor's office.
- 4 (j) Every elected city or county official.
- 5 (k) Every member of a city or county planning, zoning or development commission.
- 6 (L) The chief executive officer of a city or county who performs the duties of manager or prin-
- 7 cipal administrator of the city or county.
- 8 (m) Members of local government boundary commissions formed under ORS 199.410 to 199.519.
- 9 (n) Every member of a governing body of a metropolitan service district and the auditor and
- 10 executive officer thereof.
- 11 (o) Each member of the board of directors of the State Accident Insurance Fund Corporation.
- 12 (p) The chief administrative officer and the financial officer of each common and union high
- 13 school district, education service district and community college district.
- 14 (q) Every member of the following state boards, commissions and councils:
- 15 (A) Governing board of the State Department of Geology and Mineral Industries.
- 16 (B) Oregon Business Development Commission.
- 17 (C) State Board of Education.
- 18 (D) Environmental Quality Commission.
- 19 (E) Fish and Wildlife Commission of the State of Oregon.
- 20 (F) State Board of Forestry.
- 21 (G) Oregon Government Ethics Commission.
- 22 (H) Oregon Health Policy Board.
- 23 (I) Oregon Investment Council.
- 24 (J) Land Conservation and Development Commission.
- 25 (K) Oregon Liquor and Cannabis Commission.
- 26 (L) Oregon Short Term Fund Board.
- 27 (M) State Marine Board.
- 28 (N) Mass transit district boards.
- 29 (O) Energy Facility Siting Council.
- 30 (P) Board of Commissioners of the Port of Portland.
- 31 (Q) Employment Relations Board.
- 32 (R) Public Employees Retirement Board.
- 33 (S) Oregon Racing Commission.
- 34 (T) Oregon Transportation Commission.
- 35 (U) Water Resources Commission.
- 36 (V) Workers' Compensation Board.
- 37 (W) Oregon Facilities Authority.
- 38 (X) Oregon State Lottery Commission.
- 39 (Y) Pacific Northwest Electric Power and Conservation Planning Council.
- 40 (Z) Columbia River Gorge Commission.
- 41 (AA) Oregon Health and Science University Board of Directors.
- 42 (BB) Capitol Planning Commission.
- 43 (CC) Higher Education Coordinating Commission.
- 44 (DD) Oregon Growth Board.
- 45 (EE) Early Learning Council.

1 (FF) The Oversight and Accountability Council.

2 (r) The following officers of the State Treasurer:

3 (A) Deputy State Treasurer.

4 (B) Chief of staff for the office of the State Treasurer.

5 (C) Director of the Investment Division.

6 (s) Every member of the board of commissioners of a port governed by ORS 777.005 to 777.725
7 or 777.915 to 777.953.

8 (t) Every member of the board of directors of an authority created under ORS 441.525 to 441.595.

9 (u) Every member of a governing board of a public university listed in ORS 352.002.

10 (v) Every member of the district school board of a common school district or union high school
11 district.

12 (w) Every member of the board of directors of an authority created under ORS 465.600 to
13 465.621.

14 **(x) Each public official whose official duties include making recommendations or deci-**
15 **sions with respect to ad valorem property tax exemptions granted under ORS 285C.050 to**
16 **285C.250, 285C.400 to 285C.420 or 285C.600 to 285C.635, including elected officials, appointed**
17 **officials and public employees.**

18 (2) By April 15 next after the date an appointment takes effect, every appointed public official
19 on a board or commission listed in subsection (1) of this section shall file with the Oregon Govern-
20 ment Ethics Commission a statement of economic interest as required under ORS 244.060, 244.070
21 and 244.090.

22 (3) By April 15 next after the filing deadline for the primary election, each candidate described
23 in subsection (1) of this section shall file with the commission a statement of economic interest as
24 required under ORS 244.060, 244.070 and 244.090.

25 (4) Not later than the 40th day before the date of the statewide general election, each candidate
26 described in subsection (1) of this section who will appear on the statewide general election ballot
27 and who was not required to file a statement of economic interest under subsections (1) to (3) of this
28 section shall file with the commission a statement of economic interest as required under ORS
29 244.060, 244.070 and 244.090.

30 (5) Subsections (1) to (3) of this section apply only to persons who are incumbent, elected or
31 appointed public officials as of April 15 and to persons who are candidates on April 15.

32 (6) If a statement required to be filed under this section has not been received by the commis-
33 sion within five days after the date the statement is due, the commission shall notify the public of-
34 ficial or candidate and give the public official or candidate not less than 15 days to comply with the
35 requirements of this section. If the public official or candidate fails to comply by the date set by the
36 commission, the commission may impose a civil penalty as provided in ORS 244.350.

37 **SECTION 16. Sections 2 and 7 of this 2023 Act and the amendments to ORS 244.050,**
38 **285C.135, 285C.155, 285C.175, 285C.403, 285C.409, 285C.412, 285C.600, 285C.606, 285C.609 and**
39 **307.123 by sections 3 to 5 and 8 to 15 of this 2023 Act apply to agreements with respect to a**
40 **first year of property tax exemption for property tax years beginning on or after July 1, 2024.**

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