

House Bill 3286

Sponsored by COMMITTEE ON ECONOMIC DEVELOPMENT AND SMALL BUSINESS (at the request of Oregon Economic Development Association)

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**.

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 285C.406 and section 6,
3 chapter 905, Oregon Laws 2007; and prescribing an effective date.

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

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

6 285C.255. (1) Notwithstanding any other provision of ORS 285C.050 to 285C.250:

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

8 (b) A business firm may not obtain authorization under ORS 285C.140 after June 30, [2025]
9 **2035**; and

10 (c) An enterprise zone, except for a reservation enterprise zone or a reservation partnership
11 zone, that is in existence on June 29, [2025] **2035**, is terminated on June 30, [2025] **2035**.

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

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

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

16 (A) If located in a reservation enterprise zone or a reservation partnership zone; or

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

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

19 285C.406. In order for a taxpayer to claim the property tax exemption under ORS 285C.409 or
20 a corporate excise or income tax credit under ORS 317.124:

21 (1) The written agreement between the business firm and the rural enterprise zone sponsor that
22 is required under ORS 285C.403 (3)(c) must be entered into prior to the termination of the enterprise
23 zone under ORS 285C.245; and

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

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

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

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

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

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 (b) Income taxes attributable to eligible projects that first become exempt from property tax-
 2 tion under ORS 307.123 on or after January 1, 2008.

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

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

5 285B.627. (1) In consultation with the Department of Revenue, the Oregon Business Development
 6 Department shall establish and administer the Oregon Industrial Site Readiness Program. The pur-
 7 pose of the program is to:

8 (a) Enter into tax reimbursement arrangements with qualified project sponsors pursuant to
 9 subsection (5) of this section; or

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

12 (2)(a) Subject to standards and procedures that the Oregon Business Development Department
 13 shall establish by rule, the department shall designate regionally significant industrial sites for
 14 inclusion in the program.

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

17 (3) A project sponsor may apply to participate in the program by submitting an application and
 18 development plan in writing in a form prescribed by the department by rule.

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

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

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

30 (b) Enter into a loan agreement with the project sponsor under terms and conditions specified
 31 and required by the department. In making a determination to enter into a loan agreement with the
 32 project sponsor, the department shall consider the reasonableness of the project sponsor's estimated
 33 costs to prepare the site for industrial use, including but not limited to eligible site preparation
 34 costs established by the department pursuant to subsection (7) of this section. The agreement may
 35 specify that a portion of the loan may be forgiven if the project sponsor enters into a contract with
 36 an eligible employer to conduct a business in the traded sector industry on a regionally significant
 37 industrial site within seven years after the project sponsor was qualified under this section.

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

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

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

43 (b) Loan forgiveness may not be allowed under subsection (5) of this section if any portion of
 44 the loan that would not be forgiven would be repaid by the project sponsor with state funds received
 45 from any source.

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

3 (a) Acquisition and assembly costs associated with creating large development parcels.

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

6 (c) Water and sewer infrastructure.

7 (d) Natural resource mitigation.

8 (e) Site grading activities.

9 (f) Environmental remediation and mitigation activities to address brownfields issues in accord-
10 ance with state and federally approved remediation plans.

11 (g) Planning, engineering and administrative costs associated with applying for necessary local,
12 state and federal permits.

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

16 (8) The total amount of tax reimbursement arrangements and loan amounts authorized under this
17 section may not exceed \$10 million per year.

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

20 (a) A penalty or fine; or

21 (b) Environmental remediation activities conducted at a regionally significant industrial site that
22 is listed or proposed to be listed as a national priority pursuant to the Comprehensive Environ-
23 mental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9605) for which the project
24 sponsor, eligible employer or any party to the tax reimbursement arrangement or loan agreement
25 is liable under 42 U.S.C. 9607 at that regionally significant industrial site.

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

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

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