

HOUSE AMENDMENTS TO HOUSE BILL 3457

By COMMITTEE ON REVENUE

May 16

1 On page 1 of the printed bill, line 2, delete “and 285C.623” and insert “, 285C.609, 285C.623,
2 285C.635 and 307.123”.

3 On page 2, delete lines 9 through 11 and insert:

4 “(6) A business firm that will be benefited by an eligible project shall:

5 “(a) Enter into a first-source hiring agreement with a publicly funded job training provider that
6 will remain in effect until the end of the tax exemption period; and

7 “(b) Hold a job fair after placing a timely announcement of the job fair through WorkSource
8 Oregon.”.

9 Delete lines 27 through 45 and delete page 3 and insert:

10 “**SECTION 2.** ORS 285C.623 is amended to read:

11 “285C.623. (1) A county seeking to ensure that all eligible projects constructed or installed
12 within a particular geographic area within the county receive the tax exemption under ORS 307.123
13 may request designation of the geographic area as a strategic investment zone. The request must
14 be made by official action of the governing body of the county taken at a regular or duly called
15 special meeting of the governing body by the affirmative vote of a majority of members of the gov-
16 erning body. The request must set forth the proposed boundaries of the zone.

17 “(2) The governing body of the county shall forward appropriate actions requesting zone estab-
18 lishment to the Oregon Business Development Department for consideration by the Oregon Business
19 Development Commission. If the commission determines that the proposed zone is likely to achieve
20 the purpose set forth in ORS 285C.603 and other objectives established for the zone by the request-
21 ing county, the department or the commission, the commission shall designate the geographic area
22 a strategic investment zone.

23 “(3) Any eligible project described in ORS 285C.606 [(2)] (3) and newly constructed or installed
24 after the date of zone designation under this section shall qualify for exemption under ORS 307.123
25 if the business firm benefited by the eligible project complies with the fee agreement described in
26 subsection (4) of this section.

27 “(4) The county may not make the request under subsection (1) of this section unless, after a
28 public hearing:

29 “(a) The county and, if the proposed zone will be located within a city, the city have entered
30 into an agreement described in this subsection.

31 “(b) The agreement provides for the payment of a fee by each business firm that is to own or
32 operate an eligible project within the proposed zone, as a condition for the exemption under ORS
33 307.123. The agreement shall provide for the payment of the fee, as follows:

34 “(A) The fee shall be for community services support that relates to the direct impact of the
35 eligible project on public services.

1 “(B) The fee shall be in an amount equal to 25 percent of the property taxes that would, but for
2 the exemption, be due on the exempt property in each assessment year, but not exceeding \$2 million
3 per eligible project in any year or, if the eligible project is located in a rural area, \$500,000 per el-
4 igible project in any year.

5 “(C) The fee shall be paid annually during the tax exemption period by each business firm hav-
6 ing an eligible project within the zone, as of a date set forth in the agreement.

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

10 “(5) The agreement described in subsection (4) of this section may provide for any other re-
11 quirements that each business firm must comply with in order for the eligible project of the firm to
12 qualify for exemption under ORS 307.123.

13 “(6)(a) The fee collected under subsection (4)(b) of this section shall be distributed by the county
14 based on an additional agreement described in this subsection. An agreement described in this sub-
15 section is effective only if:

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

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

21 “(b) If an additional agreement is not entered into under paragraph (a) of this subsection within
22 three months after the date of the determination by the commission under ORS 285C.606 (1), the
23 commission shall, by official action, establish a formula for distributing the fee collected under
24 subsection (4)(b) of this section.

25 “(7)(a) **A county may not enter into an agreement under subsection (4) of this section for**
26 **designation of a strategic investment zone on or after the effective date of this 2023 Act.**

27 “(b) **A strategic investment zone designated on the basis of an agreement entered into**
28 **under subsection (4) of this section before the effective date of this 2023 Act may continue**
29 **to operate in accordance with the terms of this section in effect on the date on which the**
30 **agreement was entered into.**

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

32 “285C.609. (1) A determination under ORS 285C.606 (1) by the Oregon Business Development
33 Commission that a project shall be exempt from property taxation under ORS 307.123 must be re-
34 quested by official action of the governing body of the county taken at a regular or duly called
35 special meeting thereof by the affirmative vote of a majority of its members.

36 “(2) The governing body of any Oregon county shall forward appropriate prospective eligible
37 projects to the Oregon Business Development Department for processing.

38 “(3) For purposes of this section, for projects located on a federally recognized Oregon Indian
39 reservation, the governing body of a county shall be considered to be the governing body of the
40 federally recognized Oregon Indian tribe.

41 “(4) The county may not make the request under subsection (1) of this section unless, after a
42 public hearing:

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

45 “(B) **At least one individual negotiating the agreement on behalf of the county or city**

1 **must have completed a training program prescribed by the Oregon Business Development**
2 **Department that includes, but is not limited to, applicable negotiation techniques.**

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

4 “(A) The fee shall be for community services support that relates to the direct impact of the
5 eligible project on public services.

6 “(B) The fee shall be in an amount equal to 25 percent of the property taxes that would, but for
7 the exemption, be due on the exempt property in each assessment year, but not exceeding [\$2.5] **\$5**
8 million in any year.

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

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

14 “(5) The agreement described in subsection (4) of this section may provide for any other re-
15 quirements related to the project.

16 “(6)(a) The fee collected under subsection (4)(b) of this section shall be distributed by the county
17 based on an agreement. The agreement is effective only if **the following public bodies have en-**
18 **tered into the agreement:**

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) **All special districts in the code area in which the eligible project is located that**
22 **provide services related to public safety, fire prevention and response, ambulance or other**
23 **emergency medical response or emergency communications; and**

24 “[*B*] (C) Local taxing districts listed in ORS 198.010 or 198.180 that constitute at least 75
25 percent of the property tax authority of all local taxing districts listed in ORS 198.010 or 198.180 in
26 the code area in which the eligible project is located [*have entered into the agreement*].

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

31 “**SECTION 4.** ORS 285C.635 is amended to read:

32 “285C.635. (1)(a) Upon receipt of information compiled under ORS 285C.615, the Oregon De-
33 partment of Administrative Services shall determine the annual amount of personal income tax re-
34 venue attributable to retained jobs and newly created jobs for each eligible project for which an
35 eligible business firm received a property tax exemption under ORS 307.123.

36 “(b) The amount of personal income tax revenue attributable to each eligible project under this
37 subsection may not include personal income tax revenue attributable to the estimated incremental
38 income tax revenues generated by an eligible employer in connection with a tax reimbursement ar-
39 rangement or loan agreement that has been entered into under the Oregon Industrial Site Readiness
40 Program established by ORS 285B.627.

41 “(c) In determining the amount of personal income tax revenue attributable to each eligible
42 project, the Oregon Department of Administrative Services may rely on reasonable techniques of
43 estimation, if appropriate.

44 “(2) Not later than May 15 of each fiscal year, the Oregon Department of Administrative Ser-
45 vices shall certify to the Department of Revenue, the Legislative Revenue Officer and the Legisla-

1 tive Fiscal Officer the amounts determined under subsection (1) of this section and the amounts
2 described in subsection (3) of this section to be distributed by the Department of Revenue.

3 “(3)(a) Not sooner than July 10 and not later than July 15 of the fiscal year immediately fol-
4 lowing the fiscal year in which the certification under subsection (2) of this section is made, the
5 Department of Revenue shall distribute to each county in which an eligible project is located an
6 amount equal to the total of:

7 “(A) Twenty percent of the total annual amount of personal income tax revenue attributable to
8 retained jobs for all eligible projects in the county as determined under subsection (1) of this sec-
9 tion; and

10 “(B) Fifty percent of the total annual amount of personal income tax revenue attributable to
11 newly created jobs for all eligible projects in the county as determined under subsection (1) of this
12 section.

13 “(b) Notwithstanding paragraph (a) of this subsection, a county may not receive a distribution
14 under this section in an amount greater than [~~\$16~~] **\$5** million for any year.

15 “(c) The county shall distribute the amounts received under paragraphs (a) and (b) of this sub-
16 section to the taxing districts in the county in which an eligible project is located in a manner
17 consistent with the distribution of the community services fee under ORS 285C.609 for the project.

18 “(4) The Department of Revenue shall retain unreceipted revenue from the tax imposed under
19 ORS chapter 316 in an amount necessary to make the distributions required under subsection (3)
20 of this section. The department shall make the distributions out of the unreceipted revenue in lieu
21 of paying the revenue over to the State Treasurer for deposit in the General Fund.

22 “(5) The Oregon Department of Administrative Services shall adopt rules necessary to adminis-
23 ter this section.

24 “**SECTION 5.** ORS 307.123 is amended to read:

25 “307.123. (1) Except as provided in subsection (4) of this section, real or personal property that
26 the Oregon Business Development Commission, acting pursuant to ORS 285C.606, has determined is
27 an eligible project under ORS 285C.600 to 285C.635 shall be subject to assessment and taxation as
28 provided in this section.

29 “(2)(a) The following portions of the real market value of the eligible project, increased annually
30 for growth at the rate of three percent, shall be taxable at the taxable portion’s assessed value un-
31 der ORS 308.146:

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

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

34 “(i) [~~\$25~~] **\$40** million for a project with a total cost of not more than \$500 million.

35 “(ii) [~~\$50~~] **\$60** million for a project with a total cost of more than \$500 million and not more than
36 \$1 billion.

37 “(iii) [~~\$100~~] **\$150** million for a project with a total cost of more than \$1 billion.

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

41 “(c) The remainder of the real market value shall be exempt from taxation for a period of 15
42 years from the beginning of the tax year after the earliest of the following dates:

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

45 “(B) The expiration of the exemption for commercial facilities under construction under ORS

1 307.330.

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

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

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

8 “(6) The determination by the Oregon Business Development Commission that a project is an
9 eligible project that may receive a tax exemption under this section shall be conclusive, so long as
10 the property included in the eligible project is constructed and installed in accordance with the
11 application approved by the commission.

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

20 “**SECTION 6.** (1) The amendments to ORS 285C.606 by section 1 of this 2023 Act apply to
21 business firms claiming exemption for eligible property under ORS 307.123 on or after the
22 effective date of this 2023 Act.

23 “(2) The amendments to ORS 285C.609 by section 3 of this 2023 Act apply to agreements
24 negotiated by counties and cities on or after the effective date of this 2023 Act.

25 “(3) The amendments to ORS 307.123 by section 5 of this 2023 Act apply to property de-
26 termined to be an eligible project on or after the effective date of this 2023 Act.

27 “**SECTION 7.** The amendments to ORS 285C.606, 285C.609, 285C.623, 285C.635 and 307.123
28 by sections 1 to 5 of this 2023 Act apply to property tax years beginning on or after July 1,
29 2024.

30 “**SECTION 8.** Section 9 of this 2023 Act is added to and made a part of ORS 285C.600 to
31 285C.635.

32 “**SECTION 9.** (1) An agreement described in ORS 285C.609 (4) may not take effect if en-
33 tered into on or after July 1, 2030.

34 “(2) Notwithstanding subsection (1) of this section, an agreement described in ORS
35 285C.609 (4) that is entered into before July 1, 2030, shall continue in effect for the full term
36 of the agreement and may be used to support a request under ORS 285C.609 (1) made before,
37 on or after July 1, 2030.

38 “**SECTION 10.** This 2023 Act takes effect on the 91st day after the date on which the 2023
39 regular session of the Eighty-second Legislative Assembly adjourns sine die.”
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