

House Bill 3457

Sponsored by Representatives NATHANSON, SMITH G

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**.

Indexes minimum total cost of eligible project under strategic investment program to increase, if any, in consumer price index.

Applies to assessment years beginning on or after July 1, 2024.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to strategic investments; creating new provisions; amending ORS 285C.606 and 285C.623;
3 and prescribing an effective date.

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

5 **SECTION 1.** ORS 285C.606 is amended to read:

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

9 (a) The project is an eligible project;

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

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

12 (A) [*\$100*] **\$150** million; or

13 (B) [*\$25*] **\$40** million, if the project is located in a rural area.

14 **(2)(a) The minimum total costs required under subsection (1)(c) of this section shall be**
15 **adjusted each year for the property tax year beginning on July 1 by multiplying \$150 million**
16 **and \$40 million, respectively, by the ratio of the increase, if any, in the monthly averaged**
17 **U.S. City Average Consumer Price Index for the 12 consecutive months ending December 31**
18 **of the prior calendar year over the monthly averaged index for the 12 consecutive months**
19 **ending December 31, 2023.**

20 **(b) As used in this subsection, "U.S. City Average Consumer Price Index" means the U.S.**
21 **City Average Consumer Price Index for All Urban Consumers (All Items) as published by the**
22 **Bureau of Labor Statistics of the United States Department of Labor.**

23 [(2)] **(3)** In addition to and not in lieu of the determination described in subsection (1) of this
24 section, the State of Oregon, acting through the Oregon Business Development Commission, shall
25 determine that real and personal property constituting a project shall receive the tax exemption
26 provided in ORS 307.123 if:

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

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

30 [(3)] **(4)** Notwithstanding subsection (1) or [(2)] **(3)** of this section, property may not qualify for

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 the tax exemption under ORS 307.123 if the property:

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

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

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

6 [(4)] (5) The State of Oregon, acting through the State Treasurer, may authorize and issue re-
7 venue bonds for an eligible project that qualifies for exemption under ORS 307.123 if the project also
8 is eligible for funding through the issuance of revenue bonds under ORS 285B.320 to 285B.371.

9 [(5)] (6) A business firm that will be benefited by an eligible project shall enter into a first-
10 source hiring agreement with a publicly funded job training provider that will remain in effect until
11 the end of the tax exemption period.

12 [(6)] (7) If an eligible project is leased or subleased to any person, the lessee shall be required
13 to pay property taxes levied upon or with respect to the leased premises only in accordance with
14 ORS 307.123.

15 [(7)] (8) For purposes of determining the assessment and taxation of the eligible project in ORS
16 307.123 and the calculation of the community services fee in ORS 285C.609 (4)(b), the Oregon Busi-
17 ness Development Commission, when it determines that the project is an eligible project, shall:

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

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

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

21 [(8)] (9) Property of an eligible project that is currently exempt under ORS 307.123 may remain
22 exempt for any remaining period of exemption allowed under ORS 307.123 upon the property being
23 acquired by a business firm that is different from the business firm that initially benefited from the
24 exemption, if the acquiring firm satisfies all applicable requirements under ORS 285C.600 to 285C.635
25 and assumes the obligations, conditions, requirements and other terms of the agreement described
26 in ORS 285C.609 (4).

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

28 285C.623. (1) A county seeking to ensure that all eligible projects constructed or installed within
29 a particular geographic area within the county receive the tax exemption under ORS 307.123 may
30 request designation of the geographic area as a strategic investment zone. The request must be made
31 by official action of the governing body of the county taken at a regular or duly called special
32 meeting of the governing body by the affirmative vote of a majority of members of the governing
33 body. The request must set forth the proposed boundaries of the zone.

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

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

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

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

3 (b) The agreement provides for the payment of a fee by each business firm that is to own or
4 operate an eligible project within the proposed zone, as a condition for the exemption under ORS
5 307.123. The agreement shall provide for the payment of the fee, as follows:

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

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

12 (C) The fee shall be paid annually during the tax exemption period by each business firm having
13 an eligible project within the zone, as of a date set forth in the agreement.

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

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

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

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

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

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

32 **SECTION 3. This 2023 Act takes effect on the 91st day after the date on which the 2023**
33 **regular session of the Eighty-second Legislative Assembly adjourns sine die.**

34