

HB 2009-4
(LC 4589)
6/6/23 (CMT/ASD/ps)

Requested by JOINT COMMITTEE ON TAX EXPENDITURES

**PROPOSED AMENDMENTS TO
HOUSE BILL 2009**

1 On page 1 of the printed bill, line 2, after “285C.115,” insert “285C.135,”.

2 In line 3, after “285C.255,” insert “285C.403,” and delete “285C.409,
3 285C.412,” and insert “285C.600,”.

4 In line 4, delete “285C.635,” and delete “, 317.850 and 318.031” and insert
5 “and 317.850”.

6 In line 20, delete “or 318”.

7 On page 2, delete lines 7 through 11 and insert:

8 “(c) Section 41(c)(4) of the Internal Revenue Code (relating to the alter-
9 native incremental credit) does not apply to the credit allowable under this
10 section.”.

11 In line 23, delete “Department of Revenue” and insert “Oregon Business
12 Development Department”.

13 On page 3, delete lines 5 through 9 and insert:

14 “(2) If the taxpayer employs, in Oregon:

15 “(a) At least 150 employees but fewer than 500 employees at the close of
16 the tax year, the amount of credit used in the calculation in subsection (1)
17 of this section shall be reduced by 50 percent.

18 “(b) At least 500 employees but fewer than 3,000 employees at the close
19 of the tax year, the amount of credit used in the calculation in subsection
20 (1) of this section shall be reduced by 75 percent.

21 “(3) Any amount not available for refund due to subsection (2) of this

1 section may be carried forward as provided in section 2(9) of this 2023 Act.

2 “(4) This section applies only to taxpayers with fewer than 3,000 employ-
3 ees who are employed in Oregon at the close of the tax year.”.

4 In line 32, delete “preliminary”.

5 On page 5, delete lines 10 through 19 and insert:

6 “**NOTE:** Section 9 was deleted by amendment. Subsequent sections were
7 not renumbered.”.

8 Delete lines 28 through 45.

9 On page 6, delete lines 1 through 26 and insert:

10 “**SECTION 11.** ORS 285C.255 is amended to read:

11 “285C.255. (1) Notwithstanding any other provision of ORS 285C.050 to
12 285C.250:

13 “(a) An area may not be designated as an enterprise zone after June 30,
14 [2025] **2032**;

15 “(b) A business firm may not obtain authorization under ORS 285C.140
16 after June 30, [2025] **2032**; and

17 “(c) An enterprise zone, except for a reservation enterprise zone or a
18 reservation partnership zone, that is in existence on June 29, [2025] **2032**, is
19 terminated on June 30, [2025] **2032**.

20 “(2) Notwithstanding subsection (1) of this section:

21 “(a) A reservation enterprise zone may be designated, and a reservation
22 partnership zone may be cosponsored, under ORS 285C.306 after June 30,
23 [2025] **2032**; and

24 “(b) A business firm may obtain authorization under ORS 285C.140 after
25 June 30, [2025] **2032**:

26 “(A) If located in a reservation enterprise zone or a reservation partner-
27 ship zone; or

28 “(B) As allowed under ORS 285C.245 [(1)(b)] **(6)**.

29 “**SECTION 12.** ORS 285C.406 is amended to read:

30 “285C.406. In order for a taxpayer to claim the property tax exemption

1 under ORS 285C.409 or a corporate excise or income tax credit under ORS
2 317.124:

3 “(1) The written agreement between the business firm and the rural en-
4 terprise zone sponsor that is required under ORS 285C.403 (3)(c) must be
5 entered into prior to the termination of the enterprise zone under ORS
6 285C.245 **or 285C.255 (1)(c)**; and

7 “(2)(a) For the purpose of the property tax exemption, the business firm
8 must obtain certification under ORS 285C.403 on or before June 30, [2025]
9 **2032**; or

10 “(b) For the purpose of the corporate excise or income tax credit, the
11 business firm must obtain certification under ORS 285C.403 on or before June
12 30, 2018.

13

14 **“ENTERPRISE ZONE TRANSPARENCY**

15

16 **“SECTION 13. Section 14 of this 2023 Act is added to and made a**
17 **part of ORS 285C.050 to 285C.250.**

18 **“SECTION 14. (1)(a) An agreement between a zone sponsor and a**
19 **business firm seeking exemption within the enterprise zone of the**
20 **sponsor, including, but not limited to, an agreement entered into un-**
21 **der ORS 285C.160, may not become effective before the day that is 21**
22 **days following the date on which the zone sponsor makes the terms**
23 **of the agreement public by posting them on the zone sponsor’s**
24 **website. The name and any confidential or proprietary information of**
25 **the business firm may not be made public under this subsection.**

26 **“(b) The Oregon Business Development Department may adopt**
27 **rules to implement this subsection.**

28 **“(2) Upon request, the department shall provide technical assistance**
29 **to a zone sponsor intending to enter into an agreement with a business**
30 **firm.**

1 **“SECTION 15. Section 16 of this 2023 Act is added to and made a**
2 **part of ORS 285C.400 to 285C.420.**

3 **“SECTION 16. (1)(a) An agreement between a zone sponsor and a**
4 **business firm seeking exemption within the rural enterprise zone of**
5 **the sponsor, including, but not limited to, a written agreement entered**
6 **into under ORS 285C.403, may not become effective before the day that**
7 **is 21 days following the date on which the zone sponsor makes the**
8 **terms of the agreement public by posting them on the zone sponsor’s**
9 **website. The name and any confidential or proprietary information of**
10 **the business firm may not be made public under this subsection.**

11 **“(b) The Oregon Business Development Department may adopt**
12 **rules to implement this subsection.**

13 **“(2) Upon request, the department shall provide technical assistance**
14 **to a zone sponsor intending to enter into an agreement with a business**
15 **firm.**

16 **“SECTION 16a. ORS 276A.256 is amended to read:**

17 **“276A.256. (1) For each statute that authorizes a tax expenditure with a**
18 **purpose connected to economic development and that is listed in subsection**
19 **(2) of this section, the state agency charged with certifying or otherwise**
20 **administering the tax expenditure shall submit a report to the State Chief**
21 **Information Officer. If a statute does not exist to authorize a state agency**
22 **to certify or otherwise administer the tax expenditure, or if a statute does**
23 **not provide for certification or administration of the tax expenditure, the**
24 **Department of Revenue shall submit the report.**

25 **“(2) This section applies to:**

26 **“(a) ORS 285C.175, 285C.362, **285C.409**, 307.123, 307.455, 315.141, 315.331,**
27 **315.336, 315.341, 315.506, 315.507, 315.514, 315.533, 316.698, 316.778, 317.124,**
28 **317.391 and 317.394 and sections 1 to 5, chapter 112, Oregon Laws 2016.**

29 **“(b) Grants awarded under ORS 469B.256 in any tax year in which certi-**
30 **fied renewable energy contributions are received as provided in ORS 315.326.**

1 “(c) ORS 315.354 except as applicable in ORS 469B.145 (2)(a)(L) or (N).

2 “(d) ORS 316.116, if the allowed credit exceeds \$2,000.

3 “(3) The following information, if the information is already available in
4 an existing database the state agency maintains, must be included in the
5 report required under this section:

6 “(a) The name of each taxpayer or applicant approved for the allowance
7 of a tax expenditure or a grant award under ORS 469B.256.

8 “(b) The address of each taxpayer or applicant.

9 “(c) The total amount of credit against tax liability, reduction in taxable
10 income or exemption from property taxation granted to each taxpayer or
11 applicant.

12 “(d) Specific outcomes or results required by the tax expenditure program
13 and information about whether the taxpayer or applicant meets those re-
14 quirements. This information must be based on data the state agency has
15 already collected and analyzed in the course of administering the tax ex-
16 penditure. Statistics must be accompanied by a description of the methodol-
17 ogy employed in the statistics.

18 “(e) An explanation of the state agency’s certification decision for each
19 taxpayer or applicant, if applicable.

20 “(f) Any additional information that the taxpayer or applicant submits
21 and that the state agency relies on in certifying the determination.

22 “(g) Any other information that state agency personnel deem valuable as
23 providing context for the information described in this subsection.

24 “(4) The information reported under subsection (3) of this section may not
25 include proprietary information or information that is exempt from disclo-
26 sure under ORS 192.311 to 192.478 or 314.835.

27 “(5) No later than September 30 of each year, a state agency described in
28 subsection (1) of this section shall submit to the State Chief Information
29 Officer the information required under subsection (3) of this section as ap-
30 plicable to applications for allowance of tax expenditures the state agency

1 approved during the agency fiscal year ending during the current calendar
2 year. The information must then be posted on the Oregon transparency
3 website described in ORS 276A.253 no later than December 31 of the same
4 year.

5 “(6)(a) In addition to the information described in subsection (3) of this
6 section, the State Chief Information Officer shall post on the Oregon trans-
7 parency website:

8 “(A) Copies of all reports that the State Chief Information Officer, the
9 Department of Revenue or the Oregon Business Development Department
10 receives from counties and other local governments relating to properties in
11 enterprise zones that have received tax exemptions under ORS 285C.170,
12 285C.175 or 285C.409, or that are eligible for tax exemptions under ORS
13 315.506, 315.507 or 317.124 by reason of being in an enterprise zone; and

14 “(B) Copies of any annual reports that agencies described in subsection
15 (1) of this section are required by law to produce regarding the adminis-
16 tration of statutes listed in subsection (2) of this section.

17 “(b) The reports must be submitted to the State Chief Information Officer
18 in a manner and format that the State Chief Information Officer prescribes.

19 “(7) The information described in this section that is available on the
20 Oregon transparency website must be accessible in the format and manner
21 required by the State Chief Information Officer.

22 “(8) The information described in this section must be provided to the
23 Oregon transparency website by posting reports and providing links to ex-
24 isting information systems applications in accordance with standards estab-
25 lished by the State Chief Information Officer.”.

26 On page 7, delete lines 19 through 45.

27 Delete pages 8 through 11.

28 On page 12, delete lines 1 and 2 and insert:

29

30

“INELIGIBILITY OF FULFILLMENT CENTERS

1 **“SECTION 23a.** ORS 285C.135 is amended to read:

2 “285C.135. (1) To be an eligible business firm, a business firm must be
3 engaged, or proposing to engage, within the enterprise zone, in the business
4 of providing goods, products or services to businesses or other organizations
5 through activities including, but not limited to, manufacturing, assembly,
6 fabrication, processing, shipping or storage.

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

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

11 “(b) Significantly engaged in a business activity within the enterprise
12 zone that consists of retail sales or services, child care, housing, retail food
13 service, health care, tourism, entertainment, financial services, professional
14 services, leasing space to others, property management, construction or other
15 similar activities, even if for another business or organization.

16 **“(c) Significantly engaged in operating a fulfillment center within
17 the enterprise zone from which deliveries are made to retail purchas-
18 ers within or in the region surrounding the enterprise zone.**

19 “(3) If a business firm described in subsection (2) of this section engages
20 in an activity described in subsection (1) of this section, the business firm
21 is an eligible business firm if the activity is performed at a location that is
22 separate from the activity of the firm that is described in subsection (2) of
23 this section. Property at the location at which the firm conducts an activity
24 described in subsection (2) of this section may not be exempt under ORS
25 285C.175.

26 “(4) Two or more business firms that otherwise meet the requirements of
27 this section may elect to be treated as one eligible business firm if 100 per-
28 cent of the equity interest in the business firms is owned by the same person
29 or persons, or if one of the business firms owns 100 percent of the equity
30 interest of the other or others.

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

4 “(a) A business firm engaged in the activity of providing a retail or fi-
5 nancial service within the enterprise zone if:

6 “(A) The activity serves customers by responding to orders or requests
7 received only by telephone, computer, the Internet or similar means of tele-
8 communications; and

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

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

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

22 “(d) A business firm that is engaged in electronic commerce if the enter-
23 prise zone has been designated for electronic commerce under ORS 285C.095.

24 “**SECTION 23b.** ORS 285C.403 is amended to read:

25 “285C.403. (1)(a) [Any] A business firm proposing to apply for the tax
26 exemption provided under ORS 285C.409 shall, before the commencement of
27 construction or installation of property or improvements at a location in a
28 rural enterprise zone and before the hiring of employees, apply for certifica-
29 tion with the sponsor of the zone and with the county assessor of the county
30 or counties in which the zone is located. [*The application shall be made on*

1 *a form prescribed by the Department of Revenue.]*

2 **“(b) A business firm may not be certified under this section if it is**
3 **significantly engaged in operating a fulfillment center within the rural**
4 **enterprise zone from which deliveries are made to retail purchasers**
5 **within or in the region surrounding the rural enterprise zone.**

6 **“(2) [The] An application for certification shall be made on a form**
7 **prescribed by the Department of Revenue and shall** contain the follow-
8 ing information:

9 **“(a) A description of the firm’s proposed business operations and facility**
10 **in the rural enterprise zone;**

11 **“(b) A description and estimated cost or value of the property or im-**
12 **provements to be constructed or installed at the facility;**

13 **“(c) An estimate of the number of employees at the facility that will be**
14 **hired by the firm;**

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

16 **“(e) A commitment to satisfy all additional conditions agreed to pursuant**
17 **to the written agreement between the rural enterprise zone sponsor and the**
18 **business firm under subsection (3)(c) of this section; and**

19 **“(f) Any other information considered necessary by the Department of**
20 **Revenue.**

21 **“(3) The sponsor and the county assessor shall certify the business firm**
22 **by approving the application if the sponsor and the county assessor deter-**
23 **mine that all of the following requirements have been met:**

24 **“(a) The governing body of the county and city in which the facility is**
25 **located has adopted a resolution approving the property tax exemption for**
26 **the facility.**

27 **“(b) The business firm has committed to meet the applicable requirements**
28 **of ORS 285C.412.**

29 **“(c) The business firm has entered into a written agreement with the**
30 **sponsor of the rural enterprise zone that may include any additional re-**

1 quirements that the sponsor may reasonably request, including but not lim-
2 ited to contributions for local services or infrastructure benefiting the
3 facility. The written agreement shall state the number of consecutive tax
4 years for which the facility, following commencement of operations, is to be
5 exempt from property tax under ORS 285C.409. The agreement may not pro-
6 vide for a period of exemption that is less than seven consecutive tax years
7 or more than 15 consecutive tax years. If the agreement is silent on the
8 number of tax years for which the facility is to be exempt following place-
9 ment in service, the exemption shall be for seven consecutive tax years.

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

12 “(A) A qualified rural county; or

13 “(B) A county with chronically low income or chronic unemployment,
14 based on the most recently revised annual data available.

15 “(4) The approval of an application by both the sponsor and the county
16 assessor under subsection (3) of this section shall be prima facie evidence
17 that the business firm will qualify for the property tax exemption under ORS
18 285C.409.

19 “(5) The sponsor and the county assessor shall provide copies of an ap-
20 proved application to the applicant, the Department of Revenue and the
21 Oregon Business Development Department.

22 “(6) If the sponsor or the county assessor fails or refuses to certify the
23 business firm, the business firm may appeal to the Oregon Tax Court under
24 ORS 305.404 to 305.560. The business firm shall provide copies of the firm’s
25 appeal to the sponsor, the county assessor, the Oregon Business Development
26 Department and the Department of Revenue.

27 **“SECTION 23c. (1) The amendments to ORS 285C.135 by section 23a**
28 **of this 2023 Act apply to determinations of a business firm’s eligibility**
29 **made on or after the effective date of this 2023 Act.**

30 **“(2) The amendments to ORS 285C.403 by section 23b of this 2023**

1 **Act apply to applications for certification submitted on or after the**
2 **effective date of this 2023 Act.**

3 “**NOTE:** Sections 24 to 27 were deleted by amendment. Subsequent
4 sections were not renumbered.”.

5 On page 17, delete lines 18 through 26 and insert:

6 “(2) The minimum total costs required under subsection (1)(c) of this
7 section shall be adjusted each year for the property tax year beginning on
8 July 1 by multiplying \$150 million and \$40 million, respectively, by the ratio
9 of the increase, if any, in the monthly averaged Consumer Price Index for
10 All Urban Consumers, West Region, for the 12 consecutive months ending
11 December 31 of the prior calendar year over the monthly averaged index for
12 the 12 consecutive months ending December 31, 2023. The amount of any in-
13 crease determined under this subsection shall be rounded to the nearest
14 multiple of \$100,000.”.

15 On page 18, delete lines 40 and 41 and insert:

16 “(a) The county and, if the proposed zone will be located within the
17 boundaries of a city or port, the city or port have entered into an agreement
18 described in this subsection.”.

19 On page 19, delete lines 17 through 21 and insert:

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

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

27 Delete lines 32 through 45.

28 Delete page 20.

29 On page 21, delete lines 1 through 24 and insert:

30 “**SECTION 38.** ORS 285C.609 is amended to read:

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

6 “(2) The governing body of any Oregon county shall forward appropriate
7 prospective eligible projects to the Oregon Business Development Depart-
8 ment for processing.

9 “(3) For purposes of this section, for projects located on a federally re-
10 cognized Oregon Indian reservation, the governing body of a county shall be
11 considered to be the governing body of the federally recognized Oregon In-
12 dian tribe.

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

15 “(a)(A) The county and, if the proposed eligible project will be located
16 within **the boundaries of a city or port**, the city **or port** have entered into
17 an agreement with the business firm, as described in this subsection.

18 “(B) **The Oregon Business Development Department shall make**
19 **available, in a timely manner, training materials related to negoti-**
20 **ation techniques in such circumstances to the county, city or port, as**
21 **applicable.**

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

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

26 “(B) The fee shall be in an amount equal to 25 percent of the property
27 taxes that would, but for the exemption, be due on the exempt property in
28 each assessment year, but not exceeding [~~\$2.5~~] **\$3** million in any year.

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

1 “(c) The agreement provides for the refunding or crediting of overpay-
2 ments, for interest on late payments or underpayments and for the manner
3 in which the appeal of the assessed value of the property included in the
4 project will affect the fee.

5 “**(5) The maximum fee amount allowed under subsection (4)(b) of**
6 **this section shall be adjusted each year for the property tax year be-**
7 **ginning on July 1 by multiplying \$3 million by the ratio of the in-**
8 **crease, if any, in the monthly averaged Consumer Price Index for All**
9 **Urban Consumers, West Region, for the 12 consecutive months ending**
10 **December 31 of the prior calendar year over the monthly averaged in-**
11 **dex for the 12 consecutive months ending December 31, 2023. The**
12 **amount of any increase determined under this subsection shall be**
13 **rounded to the nearest multiple of \$1,000.**

14 “[5] **(6)** The agreement described in subsection (4) of this section may
15 provide for any other requirements related to the project.

16 “[6)(a)] **(7)(a)** The fee collected under subsection (4)(b) of this section
17 shall be distributed by the county based on an agreement. The agreement is
18 effective only if **the following public bodies have entered into the**
19 **agreement:**

20 “(A) The county and the city **or port**, if any, in which the eligible project
21 is located [*have entered into the agreement*]; [*and*]

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

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

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

6 “**NOTE:** Section 39 was deleted by amendment. Subsequent sections were
7 not renumbered.”.

8 In line 36, delete “\$60” and insert “\$75”.

9 On page 22, after line 20, insert:

10 “**SECTION 40a.** ORS 285C.600 is amended to read:

11 “285C.600. As used in ORS 285C.600 to 285C.635:

12 “(1) ‘Business firm’ has the meaning given that term in ORS 285C.050.

13 “(2) **‘Consumer Price Index for All Urban Consumers, West**
14 **Region’ means the Consumer Price Index for All Urban Consumers,**
15 **West Region (All Items), as published by the Bureau of Labor Statis-**
16 **tics of the United States Department of Labor.**

17 “[2] (3) ‘Eligible project’ means a project that meets criteria established
18 by the Oregon Business Development Commission to be exempt from property
19 taxation under ORS 307.123.

20 “[3] (4) ‘First-source hiring agreement’ has the meaning given that term
21 in ORS 285C.050.

22 “[4] (5) ‘Newly created jobs’ means, for an eligible project, total jobs less
23 retained jobs.

24 “[5] (6) ‘Publicly funded job training provider’ has the meaning given
25 that term in ORS 285C.050.

26 “[6] (7) ‘Rural area’ means an area located entirely outside of the urban
27 growth boundary of a city with a population of 40,000 or more, as the urban
28 growth boundary is acknowledged on the date on which an applicant submits
29 an application, pursuant to rules adopted by the Oregon Business Develop-
30 ment Department, for property tax exemption under ORS 307.123.

1 “[7] (8) ‘Strategic investment zone’ means a geographic area established
2 under ORS 285C.623, within which the property of eligible projects may be
3 exempt from property taxation under ORS 307.123.”.

4 Delete lines 24 through 34 and insert:

5 **“SECTION 41. (1) The amendments to ORS 285C.606 by section 36
6 of this 2023 Act apply to business firms claiming exemption for eligible
7 property under ORS 307.123 on or after the effective date of this 2023
8 Act for property tax years beginning on or after July 1, 2024.**

9 **“(2) The amendments to ORS 285C.609 by section 38 of this 2023 Act
10 apply to agreements negotiated by counties and cities on or after the
11 effective date of this 2023 Act for property tax years beginning on or
12 after July 1, 2024.**

13 **“(3) The amendments to ORS 307.123 by section 40 of this 2023 Act
14 apply to property determined to be an eligible project on or after the
15 effective date of this 2023 Act for property tax years beginning on or
16 after July 1, 2024.**

17 **“SECTION 42. The amendments to ORS 285C.623 by section 37 of
18 this 2023 Act apply to property tax years beginning on or after July 1,
19 2024.”.**

20 In line 38, delete “2030” and insert “2034”.

21 In line 42, delete “2030” and insert “2034”.

22 Delete lines 43 through 45.

23 On page 23, delete lines 1 through 39 and insert:

24

25 **“SCHOOL DISTRICT FEE IN LIEU OF PROPERTY TAX**

26

27 **“SECTION 45. ORS 285C.160 is amended to read:**

28 **“285C.160. (1) An eligible business firm seeking authorization under ORS
29 285C.140 and the sponsor of the enterprise zone in which the firm intends to
30 invest may enter into a written agreement to extend the period during which**

1 the qualified property is exempt from taxation under ORS 285C.175 if the
2 firm complies with the terms of the agreement.

3 “(2)(a) The period for which the qualified property is to continue to be
4 exempt must be set forth in the agreement and may not exceed two addi-
5 tional tax years.

6 **“(b) The agreement must provide that its effectiveness is condi-
7 tioned on compliance with section 47 of this 2023 Act.**

8 “(3) In order for an agreement under this section to extend the period of
9 exemption, the agreement must be executed on or before the date on which
10 the firm is authorized, and:

11 “(a) If the enterprise zone is a rural enterprise zone or an urban enter-
12 prise zone located inside a metropolitan statistical area of fewer than 400,000
13 residents, the agreement must require that the firm:

14 “(A)(i) Annually compensate all new employees hired by the firm at an
15 average rate of at least 150 percent of the county average annual wage for
16 each assessment year during the tax exemption period, as determined at the
17 time of authorization; or

18 “(ii) If the enterprise zone is located in a qualified rural county, annually
19 compensate all new employees hired by the firm at an average rate of at least
20 130 percent of the county average annual wage for each assessment year
21 during the tax exemption period, as determined at the time of authorization;
22 and

23 “(B) Meet any additional requirement that the sponsor may reasonably
24 request.

25 “(b) Notwithstanding paragraph (a)(A) of this subsection, the average
26 wage received by the newly hired employees must equal or exceed 100 percent
27 of the average wage in the county.

28 “(c) If the enterprise zone is an urban enterprise zone located inside a
29 metropolitan statistical area of 400,000 residents or more, the agreement
30 must require that the firm meet any additional requirement the sponsor may

1 reasonably require.

2 “(4) If a firm enters into an agreement under this section that includes
3 a compensation requirement under subsection (3)(a)(A) of this section and
4 the firm subsequently submits one or more statements of continued intent
5 under ORS 285C.165, notwithstanding the terms of the agreement made under
6 this section, for each statement of continued intent submitted, the county
7 average annual wage under subsection (3)(a)(A) of this section shall be ad-
8 justed to a level that is current with the statement.

9 **“SECTION 46. Section 47 of this 2023 Act is added to and made a
10 part of ORS 285C.050 to 285C.250.**

11 **“SECTION 47. (1) As used in this section, ‘affected school district’
12 means a school district as defined in ORS 332.002 (2) in which the
13 qualified property of a business firm granted exemption under ORS
14 285C.175 is located.**

15 **“(2)(a) Before an agreement entered into under ORS 285C.160 by the
16 governing body of a zone sponsor and a business firm may take effect,
17 the parties to the agreement must enter into a fee agreement with the
18 governing bodies of all affected school districts that requires the
19 business firm to pay a fee in lieu of the property taxes that would
20 otherwise be imposed by a school district on the business firm’s qual-
21 ified property.**

22 **“(b) The fee shall be set forth in a dollar amount determined by the
23 parties to the fee agreement. The dollar amounts payable to individual
24 school districts may differ.**

25 **“(3)(a) On or before _____, the governing body of the zone sponsor
26 shall provide to the governing body of each affected school district all
27 information necessary for the affected school district to collect the fee
28 directly from the business firm.**

29 **“(b) On or before _____, the governing body of each affected school
30 district shall send to the business firm a notice of the required fee**

1 payment that includes at a minimum the amount due, the property
2 tax year to which the fee relates, the date after which the payment
3 shall be considered delinquent, the means and schedule for curing a
4 delinquency and any other information the agreement entered into
5 under this section may require.

6 “(4)(a) If a fee payment is delinquent for more than _____ days
7 beyond the date allowed for curing the delinquency, the governing
8 body of each affected school district shall give written notice of the
9 delinquency to the business firm and the assessor of the county in
10 which the affected school district is situated.

11 “(b) Upon receipt of the written notice under paragraph (a) of this
12 subsection, the assessor shall:

13 “(A) Disqualify the property for the property tax years, if any, for
14 which exemption under ORS 285C.175 would otherwise be allowable
15 following the disqualifying event; and

16 “(B) Impose the amount of the outstanding fee along with addi-
17 tional taxes in accordance with ORS 285C.240.

18 “(5) The amount determined to be due under subsection (5) of this
19 section:

20 “(a)(A) May be paid to the tax collector before completion of the
21 next general property tax roll pursuant to ORS 311.370; and

22 “(B) Shall be added to the tax extended against the property on the
23 next general property tax roll.

24 “(b) Fee amounts and any interest or penalties imposed on the fee
25 amounts collected under this section shall be distributed to the af-
26 fected school districts to which they are owed in the same proportion
27 that the amount of each outstanding fee bears to the amount of the
28 total outstanding fees for the property tax year to which the delin-
29 quency relates.

30 “(6) Amounts collected under this section shall be deemed to have

1 **been imposed for the property tax year to which the fee payment re-**
2 **lates.**

3 **“(7) The fee shall be considered moneys received in lieu of property**
4 **taxes for purposes of ORS 327.011 (1)(g).**

5 **“(8) The amount of a fee and any interest or penalties imposed on**
6 **the fee, and the disqualification of qualified property under this sec-**
7 **tion, may be appealed to the Oregon Tax Court under ORS 305.404 to**
8 **305.560.**

9 **“SECTION 48.** ORS 285C.403 is amended to read:

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

17 “(2) The application shall contain the following information:

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

20 “(b) A description and estimated cost or value of the property or im-
21 provements to be constructed or installed at the facility;

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

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

25 “(e) A commitment to satisfy all additional conditions agreed to pursuant
26 to the written agreement between the rural enterprise zone sponsor and the
27 business firm under subsection (3)(c) of this section; and

28 “(f) Any other information considered necessary by the Department of
29 Revenue.

30 “(3) The sponsor and the county assessor shall certify the business firm

1 by approving the application if the sponsor and the county assessor deter-
2 mine that all of the following requirements have been met:

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

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

8 “(c) The business firm has entered into a written agreement with the
9 sponsor of the rural enterprise zone that [*may include any additional re-*
10 *quirements that the sponsor may reasonably request, including but not limited*
11 *to contributions for local services or infrastructure benefiting the facility. The*
12 *written agreement shall state the number of consecutive tax years for which the*
13 *facility, following commencement of operations, is to be exempt from property*
14 *tax under ORS 285C.409. The agreement may not provide for a period of ex-*
15 *emption that is less than seven consecutive tax years or more than 15 consec-*
16 *utive tax years. If the agreement is silent on the number of tax years for which*
17 *the facility is to be exempt following placement in service, the exemption shall*
18 *be for seven consecutive tax years] **conforms to subsection (4) of this sec-**
19 **tion.***

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

22 “(A) A qualified rural county; or

23 “(B) A county with chronically low income or chronic unemployment,
24 based on the most recently revised annual data available.

25 “**(4)(a)(A) The written agreement required under subsection (3)(c)**
26 **of this section shall state the number of consecutive tax years for**
27 **which the facility, following commencement of operations, is to be**
28 **exempt from property tax under ORS 285C.409.**

29 “**(B) The agreement may not provide for a period of exemption that**
30 **is less than seven consecutive tax years or more than 15 consecutive**

1 tax years.

2 “(C) If the agreement is silent on the number of tax years for which
3 the facility is to be exempt following placement in service, the ex-
4 emption shall be for seven consecutive tax years.

5 “(b) The agreement must provide that its effectiveness is condi-
6 tioned on compliance with section 6 of this 2023 Act.

7 “(c) The agreement may include any additional requirements that
8 the sponsor may reasonably request, including but not limited to
9 contributions for local services or infrastructure benefiting the facil-
10 ity.

11 “[4] (5) The approval of an application by both the sponsor and the
12 county assessor under subsection (3) of this section shall be prima facie ev-
13 idence that the business firm will qualify for the property tax exemption
14 under ORS 285C.409.

15 “[5] (6) The sponsor and the county assessor shall provide copies of an
16 approved application to the applicant, the Department of Revenue and the
17 Oregon Business Development Department.

18 “[6] (7) If the sponsor or the county assessor fails or refuses to certify
19 the business firm, the business firm may appeal to the Oregon Tax Court
20 under ORS 305.404 to 305.560. The business firm shall provide copies of the
21 firm’s appeal to the sponsor, the county assessor, the Oregon Business De-
22 velopment Department and the Department of Revenue.

23 **“SECTION 49. Section 50 of this 2023 Act is added to and made a
24 part of ORS 285C.400 to 285C.420.**

25 **“SECTION 50. (1) As used in this section, ‘affected school district’**
26 **means a school district as defined in ORS 332.002 (2) in which the fa-**
27 **ility of a business firm granted exemption under ORS 285C.409 is lo-**
28 **cated.**

29 **“(2)(a) Before an agreement entered into under ORS 285C.403 by the**
30 **governing body of a zone sponsor and a business firm may take effect,**

1 the parties to the agreement must enter into a fee agreement with the
2 governing bodies of all affected school districts that requires the
3 business firm to pay a fee in lieu of the property taxes that would
4 otherwise be imposed by a school district on the business firm's facil-
5 ity.

6 “(b) The fee shall be set forth in a dollar amount determined by the
7 parties to the fee agreement. The dollar amounts payable to individual
8 school districts may differ.

9 “(3)(a) On or before _____, the governing body of the zone sponsor
10 shall provide to the governing body of each affected school district all
11 information necessary for the affected school district to collect the fee
12 directly from the business firm.

13 “(b) On or before _____, the governing body of each affected school
14 district shall send to the business firm a notice of the required fee
15 payment that includes at a minimum the amount due, the property
16 tax year to which the fee relates, the date after which the payment
17 shall be considered delinquent, the means and schedule for curing a
18 delinquency and any other information the agreement entered into
19 under this section may require.

20 “(4)(a) If a fee payment is delinquent for more than _____ days
21 beyond the date allowed for curing the delinquency, the governing
22 body of each affected school district shall give written notice of the
23 delinquency to the business firm and the assessor of the county in
24 which the affected school district is situated.

25 “(b) Upon receipt of the written notice under paragraph (a) of this
26 subsection, the assessor shall:

27 “(A) Disqualify the facility for the property tax years, if any, for
28 which exemption under ORS 285C.409 would otherwise be allowable
29 following the disqualifying event; and

30 “(B) Impose the amount of the outstanding fee along with addi-

1 tional taxes in accordance with ORS 285C.420.

2 “(5) The amount determined to be due under subsection (4) of this
3 section:

4 “(a)(A) May be paid to the tax collector before completion of the
5 next general property tax roll pursuant to ORS 311.370; and

6 “(B) Shall be added to the tax extended against the facility on the
7 next general property tax roll.

8 “(b) Fee amounts and any interest or penalties imposed on the fee
9 amounts collected under this section shall be distributed to the af-
10 fected school districts to which they are owed in the same proportion
11 that the amount of each outstanding fee bears to the amount of the
12 total outstanding fees for the property tax year to which the delin-
13 quency relates.

14 “(6) Amounts collected under this section shall be deemed to have
15 been imposed for the property tax year to which the fee payment re-
16 lates.

17 “(7) The fee shall be considered moneys received in lieu of property
18 taxes for purposes of ORS 327.011 (1)(g).

19 “(8) The amount of a fee and any interest or penalties imposed on
20 the fee, and the disqualification of a facility under this section, may
21 be appealed to the Oregon Tax Court under ORS 305.404 to 305.560.

22 “SECTION 50a. (1) Section 47 of this 2023 Act and the amendments
23 to ORS 285C.160 by section 45 of this 2023 Act apply to agreements en-
24 tered into under ORS 285C.160 on or after the effective date of this 2023
25 Act for property tax years beginning on or after July 1, 2024.

26 “(2) Section 50 of this 2023 Act and the amendments to ORS 285C.403
27 by section 48 of this 2023 Act apply to agreements entered into under
28 ORS 285C.403 (3)(c) on or after the effective date of this 2023 Act for
29 property tax years beginning on or after July 1, 2024.”.

30