

A-Engrossed House Bill 4084

Ordered by the House February 12
Including House Amendments dated February 12

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor Tina Kotek for Office of the Governor)

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. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act would set up a Joint Permitting Council to run a fast track permit program.

The Act would direct certain state agencies to publish a list of certain permits that can be issued by the agencies.

The Act would adjust certain requirements of the enterprise zone program.

The Act would give money to OBDD. (Flesch Readability Score: 71.3).

Establishes the Joint Permitting Council. Directs the council to administer a fast track permitting program.

Directs certain state agencies to publish a catalog of permits related to economic development projects issued by the agencies within 120 days after the effective date of the Act.

Updates certain requirements and thresholds for the enterprise zone program.

Appropriates moneys to the Oregon Business Development Department for deposit in the Industrial Site Loan Fund.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to economic development; creating new provisions; amending ORS 285C.090, 285C.135, 285C.140, 285C.155, 285C.160, 285C.180, 285C.200, 285C.205 and 285C.210; and prescribing an effective date.

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

SECTION 1. (1) The Joint Permitting Council is established within the office of the Governor. The council consists of the following members appointed by the Governor:

(a) One representative of each of the following agencies:

(A) The Department of Transportation.

(B) The Department of Land Conservation and Development.

(C) The State Department of Energy.

(D) The Department of State Lands.

(E) The Department of Environmental Quality.

(F) The Water Resources Department.

(G) The State Department of Agriculture.

(H) The Oregon Business Development Department.

(I) The State Department of Fish and Wildlife.

(J) The Oregon Department of Administrative Services.

(K) The State Department of Geology and Mineral Industries.

(b) Two members with knowledge and experience in economic development.

(2) The term of office of each member of the council is four years. A member serves at

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 pleasure of the Governor. Before the expiration of the term of a member, the Governor
2 shall appoint a successor whose term begins on January 1 of the following year. A member
3 may be reappointed. If there is a vacancy for any cause, the Governor shall make an ap-
4 pointment to become immediately effective for the unexpired term.

5 (3) A member of the council is not entitled to compensation or reimbursement for ex-
6 penses.

7 (4) The council shall elect one of its members as chairperson and another as vice chair-
8 person, for the terms and with the duties and powers necessary for the performance of the
9 functions of such offices as the council determines.

10 (5) A majority of the members of the council constitutes a quorum for the transaction
11 of business.

12 (6) The council shall meet at times and places specified by the chairperson or a majority
13 of the members of the council.

14 (7) The council may employ staff, including but not limited to a permitting specialist.

15 **SECTION 2.** (1) The Joint Permitting Council established in section 1 of this 2026 Act
16 shall administer a fast track permitting program that allows eligible projects to obtain ex-
17 pedited regulatory approval from state agencies.

18 (2) The council shall establish eligibility criteria for the fast track permitting program.
19 The criteria must require a project to:

20 (a)(A) Exceed \$100 million in capital investment, if the project is located within the urban
21 growth boundary of a metropolitan service district organized under ORS chapter 268;

22 (B) Exceed \$50 million in capital investment, if the project is not located within the urban
23 growth boundary of a metropolitan service district organized under ORS chapter 268 or
24 within a nonurban county as described in ORS 653.026; or

25 (C) Exceed \$25 million in capital investment, if the project is located within a nonurban
26 county as described in ORS 653.026;

27 (b) Require more than one regulatory approval from one state agency, or more than one
28 regulatory approval from more than one state agency;

29 (c) Advance job creation or growth in gross domestic product through a target industry
30 cluster, as defined by the Oregon Business Development Department by rule;

31 (d) Meet readiness criteria established by the council;

32 (e) Demonstrate land use compatibility;

33 (f) Not require renewals of existing permits; and

34 (g) Meet other requirements established by the council.

35 (3)(a) An applicant for the fast track permitting program shall submit a project applica-
36 tion to the council. The council shall:

37 (A) Review the application to determine if the project meets the eligibility criteria es-
38 tablished under subsection (2) of this section and report the findings to the Governor; and

39 (B) Forward the application to the Regional Solutions Program created under ORS
40 284.754.

41 (b) The Regional Solutions Program shall review the project, for consistency with re-
42 gional economic development priorities as established under ORS 284.754, Comprehensive
43 Economic Development Strategies or other similar sources, and report to the Governor with
44 a recommendation about whether to advance the project. The report may include additional
45 local or regional dynamics for the Governor to consider.

(c) The Governor shall review each application forwarded by the council and the Regional Solutions Program and determine whether to approve the application.

(d) The Governor may not approve an application if there are 15 projects currently in progress under the fast track permitting program.

(4) If the Governor approves a project application for the fast track permitting program, the council shall:

(a) Develop and approve a cooperative project plan for the project that:

(A) Includes intermediate and final completion dates for all state regulatory approvals;

(B) Provides for a shorter timeline than existing timelines for permitting or other relevant timelines for permitting established through policy, law or regulation; and

(C) Is consistent with analyses completed by the regulating agencies identifying opportunities to streamline the approval process for the permit, eliminate any unnecessary steps or barriers, reduce the incidence of incomplete applications and eliminate any obsolete or unnecessary approval processes.

(b) Identify a lead agency that will provide monthly updates on the project to the council.

(c) Include in the plan any other elements deemed necessary by the council.

(5) The council shall submit an annual report to the Governor and the Oregon Department of Administrative Services that describes the status of each project administered in the previous year under the fast track permitting program.

SECTION 3. (1) The Governor shall appoint the members of the Joint Permitting Council under section 1 of this 2026 Act no later than July 1, 2026.

(2) The Joint Permitting Council shall establish eligibility criteria for the fast track permitting program, including readiness criteria, under section 2 of this 2026 Act no later than October 1, 2026.

SECTION 4. Section 5 of this 2026 Act is added to and made a part of ORS chapter 183.

SECTION 5. (1) This section applies to the following agencies and offices:

(a) The Department of Transportation.

(b) The Department of Land Conservation and Development.

(c) The State Department of Energy.

(d) The Department of State Lands.

(e) The Department of Environmental Quality.

(f) The Water Resources Department.

(g) The State Department of Agriculture.

(h) The office of the State Historic Preservation Officer.

(2) As used in this section, “permit” has the meaning given that term in ORS 183.700.

(3) Not later than 120 days after the effective date of this 2026 Act, an agency shall publish a catalog of permits issued by the agency that are related to or have an impact on economic development projects. For each permit issued by the agency that is related to or has an impact on economic development projects, the catalog must include:

(a) A description of the permit.

(b) The duration of the permit.

(c) The statutory authority, regulatory authority or other authority for issuing the permit.

(d) The method by which the agency processes incomplete applications for permits and, if readily available, the annual number of incomplete applications an agency generally re-

ceives.

(e) Any statutory, regulatory or other authority governing the time within which the agency must process applications for the permit.

(f) The application fee for the permit, the statutory, regulatory or other authority for the application fee and when the amount of the application fee was last changed.

(g) An analysis identifying opportunities to streamline the approval process for the permit, eliminate any unnecessary steps or barriers, reduce the incidence of incomplete applications and eliminate any obsolete or unnecessary approval processes.

(h) The approximate number of applications for the permit currently pending at the agency and a statement of whether a backlog exists.

(4) Not later than 120 days after the effective date of this 2026 Act, an agency shall report to the Governor on:

(a) Permitting programs in the agency that are not meeting reasonable processing timelines.

(b) Opportunities to streamline and improve permit processing and meet reasonable processing timelines.

(c) Suggestions obtained from consultation with permit applicants on permit processing.

(d) Opportunities to provide fee relief for delayed permit processing.

SECTION 6. Section 5 of this 2026 Act is repealed on January 2, 2027.

SECTION 7. ORS 285C.090 is amended to read:

285C.090. (1) An enterprise zone must be located in a local area in which, on the basis of evidence provided by the cities, counties or ports designating the enterprise zone, the Oregon Business Development Department determines that the area demonstrates a need for economic development due to:

[(a) Fifty percent or more of the households have incomes below 80 percent of the median income of this state, as defined by the most recent federal decennial census;]

[(b) The unemployment rate is at least 2.0 percentage points greater than the comparable unemployment rate for this entire state, as defined by the most recently available data published or officially provided and verified by the United States Government, the Employment Department, the Portland State University Population Research Center or special studies conducted under a contract with a regional academic institution; or]

[(c) The Oregon Business Development Department determines on a case-by-case basis using evidence provided by the cities, counties or ports designating the enterprise zone that there exists a level of economic hardship at least as severe as that described in paragraph (a) or (b) of this subsection. The evidence must be based on the most recently available data from official sources and may include a contemporary decline of the population in the enterprise zone, the percentage of persons in the enterprise zone below the poverty level relative to the percentage of the entire population of this state below the poverty level or the unemployment rate for the county or counties in which the enterprise zone is located.]

(a) Evidence of economic transition or restructuring, including but not limited to job losses, industry contraction, supply chain realignment, automation impacts and shifts in regional economic specialization;

(b) The presence of underutilized, vacant or redevelopment-ready industrial or employment land, including brownfields, legacy industrial sites and properties requiring modernization to support productive use;

(c) **Alignment with adopted local, regional or statewide economic development strategies, land-use plans, infrastructure plans, workforce strategies or climate and energy transition goals, where enterprise zone designation would materially advance implementation;**

(d) **Demonstrated opportunity to:**

(A) **Support emerging, traded sector or innovation-driven industries;**

(B) **Retain, reinvest in or modernize existing industries or facilities; or**

(C) **Make investments that improve productivity, competitiveness, supply chain resilience or workforce quality;**

(e) **Commitment by the zone sponsor to a performance-based development approach, including measurable objectives related to capital investment, wages, workforce development, retention or modernization outcomes, productivity improvement, redevelopment outcomes or other economic performance indicators established by the Oregon Business Development Department by rule; or**

(f) **Other community-defined indicators of economic need or development potential supported by objective evidence and consistent with department rules.**

(2)(a) An urban enterprise zone may consist of a total area of not more than 12 square miles in size.

(b) A rural enterprise zone may consist of a total area of not more than 15 square miles in size.

(c) For purposes of this subsection, the area of the zone must be calculated by excluding that portion of the zone that lies below the ordinary high water mark of a navigable body of water.

(3) Except as provided in subsection (4) of this section:

(a) An urban enterprise zone must have 12 miles or less, and a rural enterprise zone must have 15 miles or less, as the greatest distance between any two points within the zone; and

(b) Unconnected areas of an enterprise zone may not be more than five miles apart.

(4) Unconnected areas of a rural enterprise zone may not be more than 15 miles apart when an unconnected area is entirely within a sparsely populated county, and the zone:

(a) Must have 20 miles or less as the greatest distance between any two points within the zone, if only a portion of the zone is contained within a sparsely populated county; or

(b) Must have 25 miles or less as the greatest distance between any two points within the zone, if the zone is entirely contained within a sparsely populated county.

(5) This section does not apply to the designation or redesignation of a reservation enterprise zone or a reservation partnership zone.

SECTION 8. ORS 285C.135 is amended to read:

285C.135. (1) To be an eligible business firm, a business firm must be engaged, or proposing to engage, within the enterprise zone, in:

(a) The business of providing goods, products or services to businesses or other organizations through activities including, but not limited to, manufacturing, assembly, fabrication, processing, shipping or storage[.]; **or**

(b) **An industry sector identified by resolution of the governing body of the zone sponsor as a priority industry under a local or regional economic development strategy.**

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

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

(b) Significantly engaged in a business activity within the enterprise zone that consists of retail sales or services, child care, housing, retail food service, health care, tourism, entertainment, fi-

1 nancial services, professional services, leasing space to others, property management, construction
2 or other similar activities, even if for another business or organization.

3 (c) Significantly engaged in operating a fulfillment center within the enterprise zone from which
4 deliveries are made to retail purchasers within, or in the region surrounding, the enterprise zone.

5 (3)(a) If a business firm described in subsection (2) of this section engages in an activity de-
6 scribed in subsection (1) of this section, the business firm is an eligible business firm if the activity
7 is performed at a location that is separate from the activity of the firm that is described in sub-
8 section (2) of this section. Property at the location at which the firm conducts an activity described
9 in subsection (2) of this section may not be exempt under ORS 285C.175.

10 **(b)(A) Upon written request of the zone sponsor demonstrating that the business activity**
11 **will provide substantial community benefit, innovation or alignment with local economic de-**
12 **velopment goals, the Oregon Business Development Department may approve a waiver or**
13 **authorize a pilot program allowing a business firm engaged in a business activity described**
14 **in subsection (2) of this section to qualify as an eligible business firm.**

15 **(B) The Oregon Business Development Department shall adopt rules that establish ap-**
16 **proval criteria for waivers or pilot programs for purposes of this paragraph.**

17 *[(4) Two or more business firms that otherwise meet the requirements of this section may elect to*
18 *be treated as one eligible business firm if 100 percent of the equity interest in the business firms is*
19 *owned by the same person or persons, or if one of the business firms owns 100 percent of the equity*
20 *interest of the other or others.]*

21 *[(5)]* (4) Notwithstanding subsections (1) to (3) of this section, each of the following business
22 firms is an eligible business firm under subsection (1) of this section:

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

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

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

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

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

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

39 **(5) Two or more business firms that otherwise meet the requirements of this section**
40 **may elect to be treated as one eligible business firm if 100 percent of the equity interest in**
41 **the business firms is owned by the same person or persons, or if one of the business firms**
42 **owns 100 percent of the equity interest of the other or others.**

43 **SECTION 9.** ORS 285C.160 is amended to read:

44 285C.160. (1) An eligible business firm seeking authorization under ORS 285C.140 and the spon-
45 sor of the enterprise zone in which the firm intends to invest may enter into a written agreement

to extend the period during which the qualified property is exempt from taxation [*under ORS 285C.175 if the firm complies with the terms of the agreement*] **beyond the three years allowable under ORS 285C.175.**

(2) The period for which the **exemption for the** qualified property is to [*continue to be exempt*] **be extended:**

(a) Must be set forth in the agreement; and

(b) May not exceed [*two additional tax years for which a school support fee must be paid in accordance with ORS 285C.162.*]:

(A) **Two additional tax years, subject to any applicable school support fee requirements under ORS 285C.162; or**

(B) **A longer period if, under rules adopted by the Oregon Business Development Department, the eligible business firm demonstrates that the project to which the agreement relates involves substantial capital investment, regional economic impact or alignment with local development goals.**

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

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

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

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

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

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

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

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

SECTION 10. ORS 285C.200 is amended to read:

285C.200. (1) The qualified property of an authorized business firm may be exempt from property taxation under ORS 285C.175 only if the firm meets the following qualifications:

(a) The firm is an eligible business firm engaged in eligible business operations under ORS 285C.135 that are located inside the enterprise zone;

(b) The firm owns or leases qualified property that is located inside the enterprise zone;

(c) Except as otherwise provided in **subsection (2) of this section and** ORS 285C.203, the em-

ployment of the firm, on or before the earlier of April 1 or the date on which the initial exemption claim is filed under ORS 285C.220, following the year in which the qualified property is first placed in service in the enterprise zone, is not less than the greater of:

(A) 110 percent of the annual average employment of the firm; or

(B) The annual average employment of the firm plus one employee;

(d) The firm does not diminish employment outside the enterprise zone as provided in subsection [(4) or] (5) **or (6)** of this section;

(e) The firm does not substantially curtail operations within the enterprise zone as described in ORS 285C.210; and

(f) The firm complies in all material respects with local, Oregon and federal laws applicable to the firm's operations inside the enterprise zone since the application for authorization and throughout the period of exemption, as prescribed by rule.

(2)(a) Notwithstanding subsection (1) of this section, the sponsor and the business firm may agree to flexible hiring timelines, including phased or delayed hiring, if the firm demonstrates to the sponsor's satisfaction a clear plan for meeting employment or alternative performance criteria, including but not limited to job retention, improvements in productivity and revenue growth, over the course of the exemption period.

(b) In lieu of meeting the employment qualifications under subsection (1)(c) of this section, a sponsor may approve alternative performance criteria that support the objectives of the zone designation, including but not limited to job retention, wage growth, capital intensity, productivity improvements and revenue growth.

(c) The terms agreed to under this subsection must be set forth in a written agreement. Failure to meet the terms of the agreement is a disqualifying event under ORS 285C.240.

[(2)] **(3)** Notwithstanding subsection (1)(c) or (e) of this section, an eligible business firm may meet the qualifications of this section if the firm has satisfied the following requirements:

(a) The firm is authorized subject to ORS 285C.155 and the firm satisfies those requirements; and

(b)(A) The firm completes an investment of \$25 million or more in qualified property; or

(B) The firm fulfills the requirements of ORS 285C.205 and the employment of the firm does not decrease below the annual average employment of the firm.

[(3)] **(4)** An authorized business firm that engages in both eligible and ineligible operations in an enterprise zone and is an eligible business firm because of ORS 285C.135 (3) meets the qualifications of this section if:

(a) The eligible operations of the firm under ORS 285C.135 meet the qualifications of this section; and

(b) The employees of the firm work a majority of their time in eligible operations within the enterprise zone.

[(4)] **(5)** A business firm does not meet the qualifications of this section if the firm or any other firm under common control closes or permanently curtails operations in another part of the state more than 30 miles from the nearest boundary of the enterprise zone in which the firm seeks a property tax exemption. This subsection applies to the transfer of any of the business firm's eligible operations to the enterprise zone from another part of the state, if the closure or permanent curtailment in the other part of the state diminished employment in the county and more local labor markets after authorization and on or before December 31 of the first tax year for which any qualified property of the firm in that zone would otherwise be exempt under ORS 285C.175.

[(5)] **(6)** An authorized business firm that moves any of its employees from a site or sites within

30 miles from the nearest boundary of the enterprise zone after authorization may meet the qualifications under this section if the employment of the firm has been increased within the zone and at the site or sites from which the employees were transferred, no later than April 1 preceding the first tax year for which qualified property of the firm is exempt under ORS 285C.175, to not less than 110 percent of the annual average employment of the firm within the zone and the site or sites from which the employees were transferred, calculated over the 12 months preceding the date of application for authorization.

[(6)] (7) For purposes of subsection (1)(f) of this section, the Oregon Business Development Department shall adopt rules that define the effect of noncompliance on an eligible business firm's continuing exemption in an enterprise zone and that indicate what is necessary to establish the noncompliance in terms of materiality of the relevant violation, the finality of applicable legal or regulatory proceedings and judgments involving the firm, the failure by the firm to perform or submit to remedial or curative actions and similar factors.

[(7)] (8) As used in this section:

(a) "Annual average employment of the firm" means the average employment of the firm, calculated over the 12 months preceding the date of application for authorization.

(b) Except as provided in subsection [(5)] (6) of this section, "employment of the firm" means:

(A) The number of employees working for the firm a majority of their time in eligible operations at locations throughout the enterprise zone; or

(B) In the case of a firm described in ORS 285C.135 [(5)(b)] (4)(b), the number of employees working a majority of their time at the facility in the enterprise zone for which authorization was obtained.

SECTION 11. ORS 285C.140 is amended to read:

285C.140. (1)(a) Any eligible business firm seeking to have property exempt from property taxation under ORS 285C.175 shall, before the commencement of direct site preparation activities or the construction, addition, modification or installation of qualified property in an enterprise zone, and before the hiring of eligible employees, apply for authorization under this section.

(b) The application shall be made on a form prescribed by the Department of Revenue and the Oregon Business Development Department.

(c) The application shall be filed with the sponsor of the zone. A sponsor may require that the application filed with the sponsor be accompanied by a filing fee. If required, the filing fee may not exceed the greater of \$200 or one-tenth of one percent of the value of the investment in qualified property that is proposed in the application for authorization. The filing fee may be required for the filing of applications only after the sponsor adopts a policy, consistent with Oregon Business Development Department rules, authorizing the imposition of the filing fee.

(2) The application shall contain the following information:

(a) A description of the nature of the firm's current and proposed business operations inside the boundary of the enterprise zone;

(b) A description and estimated value of the qualified property to be constructed, added, modified or installed inside the boundary of the enterprise zone;

(c) The number of employees of the firm that the firm employs within the enterprise zone, averaged over the previous 12 months, and an estimate of the number of employees that the firm will hire;

(d) A commitment to meet all requirements of ORS 285C.200 and 285C.215, and to verify compliance with these requirements;

(e) A commitment to satisfy all additional conditions for authorization that are imposed by the enterprise zone sponsor under ORS 285C.150, 285C.155 or 285C.205 or pursuant to an agreement entered into under ORS 285C.160, and to verify compliance with these additional conditions;

(f) A commitment to renew the application, consistent with ORS 285C.165, every two years while the zone exists if the firm has not filed a claim under ORS 285C.220 that is based on the application; and

(g) Any other information considered necessary by the Department of Revenue and the Oregon Business Development Department.

(3) After an application is submitted to a sponsor, the business firm may revise or amend the application. An amendment or revision may not be made on or after January 1 of the first assessment year for which the qualified property associated with the application is exempt under ORS 285C.175.

(4) If an application for authorization appears to be complete and the proposed investment appears to be eligible for authorization, the sponsor and the business firm shall conduct a preauthorization conference. The assessor of the county in which the property will be located shall be timely notified and have the option to participate in the conference. The conference shall:

(a) Identify issues with the potential to affect compliance with relevant exemption requirements, including but not limited to enterprise zone boundary amendments;

(b) Arrange for methods and procedures to establish and verify compliance with applicable requirements; and

(c) Identify the person who is obligated to notify the county assessor if requirements are not satisfied.

(5) Upon completion of the preauthorization conference required under subsection (4) of this section, the sponsor shall prepare a written summary of the conference, attach the summary to the application and forward the application to the county assessor for review.

(6) Following the preauthorization conference under subsection (4) of this section, the sponsor and the county assessor shall authorize the business firm by approving the application, if the sponsor and county assessor determine that:

(a) The current or proposed operations of the business firm in the enterprise zone result in the firm being eligible under ORS 285C.135; and

(b) The firm has made the commitments and provided the other information required under subsection (2) of this section.

(7) If the business firm seeking authorization is an eligible business firm described in ORS 285C.135 [(5)(b)] **(4)(b)**, the sponsor must, as a condition of approving the application, make a formal finding that the business firm is an eligible business firm under ORS 285C.135 and that the size of the proposed investment, the employment at the facility of the firm or the nature of the activities to be undertaken by the firm within the enterprise zone will significantly enhance the local economy, promote the purposes for which the zone was created and increase employment within the zone.

(8) The approval of both the sponsor and the county assessor under this section shall be prima facie evidence that the qualified property of the business firm will receive the property tax exemption under ORS 285C.175. In approving the application, the sponsor and county assessor shall provide proof of approval as directed by the Oregon Business Development Department.

(9) If the sponsor or county assessor fails or refuses to authorize the business firm, the business firm may appeal to the Oregon Tax Court under ORS 305.404 to 305.560. The business firm shall

provide copies of the firm's appeal to the sponsor, county assessor, the Department of Revenue and the Oregon Business Development Department.

(10) Authorization under this section does not ensure that property constructed, added, modified or installed by the authorized business firm will receive property tax exemption under ORS 285C.175. The sponsor and the county assessor are not liable in any way if the Department of Revenue or the county assessor later determines that an authorized business firm does not satisfy the requirements for an exemption on qualified property.

(11) Notwithstanding subsection (1) of this section, if an eligible business firm has begun or completed the construction, addition, modification or installation of property that meets the qualifications of ORS 285C.180, and the property has not yet been subject to property tax after having been placed in service, then, for purposes of ORS 285C.050 to 285C.250, the firm shall be authorized under this section if the firm files an application that is allowed under subsection (12) of this section and is otherwise authorized under this section.

(12) Late submission of an application under this section is allowed if:

(a) A rule permits late submissions of applications under this section; or

(b) The Department of Revenue waives filing deadline requirements under this section. The department shall issue a letter to the eligible business firm and zone sponsor setting forth the waiver under this paragraph.

SECTION 12. ORS 285C.180 is amended to read:

285C.180. (1) The following types of property are qualified for exemption under ORS 285C.175:

(a) A newly constructed building or structure.

(b) A new addition to or modification of an existing building or structure.

(c) Any real property machinery or equipment or personal property, whether new, used or re-conditioned, that is installed on property that is owned or leased by an authorized business firm, and:

(A) Newly purchased or leased by the firm, unless the property is described in ORS 285C.175 (4)(a); or

(B) Newly transferred into the enterprise zone from outside the county within which the site of the firm is located and installed.

(2) Property described in subsection (1) of this section is qualified under this section only if:

(a) The property meets or exceeds the minimum cost requirements established under ORS 285C.185;

(b) The property satisfies applicable usage, lease or location requirements established under ORS 285C.185;

(c) The property was constructed, added, modified or installed to further the production of income;

(d) The property is owned or leased by an authorized business firm;

(e) The location of the property corresponds to the location as set forth in the application for authorization of the business firm and consists of a single site or multiple sites adjacent to or having comparable proximity to each other, within the boundaries of the enterprise zone;

(f) The property is the same general type of property as described in the application for authorization; and

(g) In the case of an eligible business firm described in ORS 285C.135 [(5)(b)] **(4)(b)**, the actual investment at the facility of the firm is consistent with the description set forth in the application for authorization.

(3) Notwithstanding subsection (1) of this section, the following property is not qualified for exemption under ORS 285C.175:

(a) Land.

(b) Property that was not in use or occupancy for more than a 180-day period that ends during the preceding assessment year.

(c) On-site developments that, consistent with ORS 307.010, are assessed as land.

(d) Noninventory supplies, including but not limited to lubricants.

(e) Any operator-driven item of machinery or equipment or any vehicle, if the item or vehicle moves by internal motorized power. An item or vehicle described in this paragraph includes but is not limited to an item or vehicle that moves within an enclosed space.

(f) Any device or rolling stock that is pulled, pushed or carried by a vehicle that is suitable as a mode of transportation beyond the enterprise zone boundary.

(4) Subsection (3)(b) of this section does not apply to the first assessment year for which the property is exempt under ORS 285C.175.

(5) For purposes of this section and ORS 285C.175, property includes any portion or incremental unit of property that is newly constructed or installed, or that is a new addition to or modification of an existing building or structure.

SECTION 13. ORS 285C.155 is amended to read:

285C.155. For purposes of ORS 285C.200 [(2)] (3):

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

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

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

(4) A resolution adopted pursuant to this section may be modified at the request of the business firm at any time prior to the start of the first tax year for which an exemption under ORS 285C.175 is claimed.

SECTION 14. ORS 285C.205 is amended to read:

285C.205. The requirements of ORS 285C.200 [(2)(b)(B)] (3)(b)(B) are met if the qualified business firm does all of the following:

(1) The firm demonstrates at least a 10 percent increase in productivity no later than 18 months following January 1 of the first assessment year for which an exemption under ORS 285C.175 is claimed. Unless further specified by the sponsor of the enterprise zone through the resolution adopted under ORS 285C.155:

(a) The increase must be in business operations of the firm that are using qualified property receiving the exemption;

(b) Productivity is measured by dividing physical units or quantity of output by the number of labor hours engaged in the operations that produced the physical units or quantity of output; and

(c) The base level of productivity shall be established over a minimum 12-month period preceding the date on which the qualified property is placed in service.

(2) The firm maintains or exceeds the 10 percent increase in productivity under subsection (1)

of this section as an annual average rate for each subsequent assessment year during the remainder of the exemption period.

(3) On or before April 1 of each of the first three assessment years for which an exemption is claimed, the firm deposits into an account established by the sponsor an amount equal to 25 percent of the estimated tax savings arising from the exemption for that year. The sponsor may adopt additional specifications or requirements applicable to this subsection in the resolution the sponsor adopts under ORS 285C.155. Consistent with this subsection and any additional specifications or requirements adopted by the sponsor:

(a) For up to 30 months following the relevant April 1 date for which a deposit is made, the firm may draw from the account amounts equal to any expense incurred for training or retraining employees to promote or facilitate productivity increases under this section, except that the total amount withdrawn from the account for that deposit may not exceed \$3,500 per trained employee;

(b) Any amount attributable to the deposit that remains in the account after the 30-month period in which firm withdrawals may be made under paragraph (a) of this subsection shall be transferred to a special fund for use by local publicly funded job training providers; and

(c) No more than 18 months after the deposit, the estimated tax savings on which the deposit was based shall be reconciled with the actual tax savings arising from the exemption. The reconciliation shall be accomplished by the firm immediately making a further deposit into the account to cover any shortfall or by being reimbursed from the account for any surplus. A deposit or reimbursement made pursuant to this paragraph does not affect withdrawals or transfers that occur as a result of paragraph (a) or (b) of this subsection.

SECTION 15. ORS 285C.210 is amended to read:

285C.210. (1) For purposes of ORS 285C.175, 285C.200 and 285C.240, except as provided in subsection (3) of this section, operations of a business firm within the enterprise zone are substantially curtailed when:

(a) Pursuant to the initial claim of exemption and satisfaction of ORS 285C.200 (1)(c), the number of employees of the firm:

(A) Is reduced by more than 85 percent from the highest number of employees of the firm; or

(B) Has been reduced by more than 50 percent from the highest number of employees of the firm over two consecutive annual filing periods under ORS 285C.220 (1); or

(b) The annual average number of employees of the firm during the first assessment year for which the exemption under ORS 285C.175 is granted, or any subsequently allowed year of exemption, is reduced below the greater of:

(A) The annual average number of employees of the firm, averaged over the 12 months preceding the date of the application for authorization, plus one employee; or

(B) 110 percent of the annual average number of employees of the firm, averaged over the 12 months preceding the date of the application for authorization.

(2) For the purposes of this section:

(a) Except as provided in paragraph (c)(A) of this subsection, the number of employees of the firm is the employment of the firm, as defined in ORS 285C.200 [(7)(b)] **(8)(b)**, on the earlier of the date a claim for exemption is filed under ORS 285C.220 or April 1 of the year in which the exemption is initially claimed under ORS 285C.175 and following each assessment year of the exemption, including after the last such assessment year.

(b) Except as provided in paragraph (c)(B) of this subsection, the annual average number of employees of the firm is the number of employees of the firm averaged over the course of each as-

1 assessment year in which an exemption under ORS 285C.175 is allowed, using employment figures for
2 no fewer than four equivalent periods during the year.

3 (c) For the first assessment year for which an authorized business firm that qualifies under ORS
4 285C.200 [(5)] (6) claims an exemption under ORS 285C.175, substantial curtailment under subsection
5 (1)(a)(A) or (b) of this section shall be determined by:

6 (A) Combining the number of employees of the firm and the number of employees at any appli-
7 cable site of the firm outside the enterprise zone; and

8 (B) Combining the annual average number of employees of the firm with the annual average
9 number of employees at any applicable site of the firm outside the enterprise zone.

10 (3) Operations of a business firm are not substantially curtailed under this section during a pe-
11 riod of suspension as otherwise provided in ORS 285C.203.

12 **SECTION 16. There is appropriated to the Oregon Business Development Department for**
13 **the biennium ending June 30, 2027, out of the General Fund, the amount of \$40,000,000 for**
14 **the purpose of carrying out section 17 of this 2026 Act.**

15 **SECTION 17. The Oregon Business Development Department shall deposit the moneys**
16 **appropriated under section 16 of this 2026 Act in the Industrial Site Loan Fund established**
17 **under ORS 285B.046. The moneys may be used for any purpose or program for which moneys**
18 **in the fund may be used.**

19 **SECTION 18. This 2026 Act takes effect on the 91st day after the date on which the 2026**
20 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**