

SB 1586-4  
(LC 237)  
2/16/26 (ASD/ps)

Requested by Senator SOLLMAN

**PROPOSED AMENDMENTS TO  
SENATE BILL 1586**

1       On page 1 of the printed bill, delete lines 3 and 4 and insert “314.772,  
2 315.519 and 315.522 and section 12, chapter 298, Oregon Laws 2023; and pre-  
3 scribing an effective date.”.

4       Delete lines 6 through 19 and delete pages 2 through 16 and insert:

5       **“SECTION 1. Sections 2 to 5 of this 2026 Act are added to and made  
6 a part of ORS chapter 315.**

7       **“SECTION 2. (1) As used in this section:**

8       **“(a)(A) ‘Advanced manufacturing’ means activities that:**

9       **“(i) Depend on the use and coordination of information, auto-  
10 mation, computation, software, industrial sensors and networking;**

11       **“(ii) Make use of newly developed materials and processes enabled  
12 by the physical and biological sciences, including but not limited to  
13 nanotechnology, chemistry and biology;**

14       **“(iii) Involve both new ways to manufacture existing products and  
15 the manufacture of new products emerging from new advanced tech-  
16 nologies; or**

17       **“(iv) As applied to biotechnology and life sciences activities, are  
18 related research, development, scale-up and enabling technology ac-  
19 tivities integral to the production of biological, medical or biobased  
20 products.**

21       **“(B) ‘Advanced manufacturing’ does not include activities that are**

1 **primarily:**

2     “(i) Routine assembly, packaging, labeling, sorting, warehousing,

3 storage or distribution;

4     “(ii) Basic fabrication, machining or processing that does not in-

5 corporate advanced technologies or materially transform products or

6 production processes;

7     “(iii) Maintenance, repair or refurbishment of machinery, equip-

8 ment or products; or

9     “(iv) Administrative, clerical, sales, marketing or other nonprod-

10 uction activities.

11     “(b) ‘Qualified advanced manufacturing company’ means an entity

12 whose primary business, as determined by the Oregon Business De-

13 velopment Department by rule, is to engage in advanced manufactur-

14 ing.

15     “(2) A credit against taxes otherwise due under ORS chapter 316 or,

16 if the taxpayer is a corporation, under ORS chapter 317 shall be al-

17 lowed to eligible taxpayers for increases in qualified research expenses

18 and basic research payments. The credit shall be determined in ac-

19 cordance with section 41 of the Internal Revenue Code, except as fol-

20 lows:

21     “(a) The applicable percentage specified in section 41(a) of the

22 Internal Revenue Code shall be 15 percent.

23     “(b) ‘Qualified research’ and ‘basic research’ shall consist only of

24 research conducted in Oregon by a qualified advanced manufacturing

25 company, in support of a trade or business directly related to advanced

26 manufacturing.

27     “(3) The Income Tax Regulations as prescribed by the Secretary of

28 the Treasury under authority of section 41 of the Internal Revenue

29 Code apply for purposes of this section, except as modified by this

30 section or as provided in rules adopted by the Department of Revenue.

1       “(4) The maximum credit under this section may not exceed \$4  
2 million for any taxpayer.

3       “(5) Prior to claiming a credit under this section, a taxpayer must  
4 obtain from the Oregon Business Development Department certifica-  
5 tion as provided in section 4 of this 2026 Act.

6       “(6) The Oregon Business Development Department shall provide  
7 information to the Department of Revenue about all certifications is-  
8 sued under section 4 of this 2026 Act, if required by ORS 315.058.

9       “(7) The Director of the Oregon Business Development Department  
10 may order the suspension or revocation of a credit allowed under this  
11 section, as provided in ORS 315.061.

12       “(8) A deduction may not be taken for the portion of expenses or  
13 payments, otherwise allowable as a deduction, that is equal to the  
14 amount of the credit claimed under this section.

15       “(9) The credit under this section is not allowed in any tax year for  
16 which the taxpayer claims a credit under ORS 315.518.

17       “(10) Notwithstanding ORS 317.090 (3), the refundable portion of a  
18 credit under this section is allowed against the tax imposed under ORS  
19 317.090 and may reduce the tax imposed under ORS 317.090 to zero. Any  
20 remaining amount of credit above the minimum shall be refunded as  
21 provided in section 3 of this 2026 Act.

22       “(11) Any tax credit that is otherwise allowable under this section  
23 and that is not used by the taxpayer in that year may be carried for-  
24 ward and offset against the taxpayer’s tax liability for the next suc-  
25 ceeding tax year. Any credit remaining unused in such next succeeding  
26 tax year may be carried forward and used in the second succeeding tax  
27 year, and likewise any credit not used in that second succeeding tax  
28 year may be carried forward and used in the third succeeding tax year,  
29 and any credit not used in that third succeeding tax year may be car-  
30 ried forward and used in the fourth succeeding tax year, and any

1 credit not used in that fourth succeeding tax year may be carried  
2 forward and used in the fifth succeeding tax year, but may not be  
3 carried forward for any tax year thereafter.

4       **“SECTION 3. (1)(a) If the amount allowable as a credit under sec-**  
5 **tion 2 of this 2026 Act, after any reduction applicable under subsection**  
6 **(2) of this section, when added to the sum of the amount of estimated**  
7 **tax paid under ORS 314.515 and any other tax prepayment amounts,**  
8 **exceeds the taxes imposed by ORS chapters 314 and 317 for the tax year**  
9 **after application of any nonrefundable credits allowable for purposes**  
10 **of ORS chapter 317 for the tax year, the amount of the excess deter-**  
11 **mined under this subsection shall be refunded to the taxpayer as pro-**  
12 **vided in ORS 314.415.**

13       **“(b) If the amount allowable as a credit under section 2 of this 2026**  
14 **Act, after any reduction applicable under subsection (2) of this section,**  
15 **when added to the sum of the amounts allowable as payment of tax**  
16 **under ORS 316.187 or 316.583, other tax prepayment amounts and other**  
17 **refundable credit amounts, exceeds the taxes imposed by ORS chapters**  
18 **314 and 316 for the tax year after application of any nonrefundable**  
19 **credits allowable for purposes of ORS chapter 316 for the tax year, the**  
20 **amount of the excess shall be refunded to the taxpayer as provided in**  
21 **ORS 316.502.**

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

23       **“(a) Fewer than 150 employees at the close of the tax year, the**  
24 **amount of credit used in the calculation in subsection (1) of this sec-**  
25 **tion shall be reduced by 25 percent.**

26       **“(b) At least 150 employees but fewer than 500 employees at the**  
27 **close of the tax year, the amount of credit used in the calculation in**  
28 **subsection (1) of this section shall be reduced by 50 percent.**

29       **“(c) At least 500 employees at the close of the tax year, the amount**  
30 **of credit used in the calculation in subsection (1) of this section shall**

1 be reduced by 75 percent.

2       “(3) Any amount not available for refund due to subsection (2) of  
3 this section may be carried forward as provided in section 2 (11) of this  
4 2026 Act.

5       **“SECTION 4.** (1) A taxpayer seeking to claim the credit provided  
6 under section 2 of this 2026 Act shall file for each tax year a written  
7 application for certification with the Oregon Business Development  
8 Department. The application must include:

9       “(a) A description of how the taxpayer meets the definition of a  
10 qualified advanced manufacturing company under section 2 of this 2026  
11 Act;

12       “(b) A description of how proposed research and development ac-  
13 tivities for which the taxpayer seeks a tax credit under section 2 of  
14 this 2026 Act will support the taxpayer in conducting a business or  
15 trade directly related to advanced manufacturing; and

16       “(c) Any other information that is required by the department by  
17 rule.

18       “(2) An application for certification under this section must be ac-  
19 companied by a payment of any fee established by the department by  
20 rule under subsection (4) of this section.

21       “(3) After considering timely filed and complete applications, along  
22 with amounts available under section 5 of this 2026 Act, the depart-  
23 ment shall, if the department deems appropriate, issue a certification  
24 to an applicant taxpayer if the department determines that the tax-  
25 payer is a qualified advanced manufacturing company as defined under  
26 section 2 of this 2026 Act, and if the taxpayer attests that the proposed  
27 research and development activities for which the taxpayer seeks the  
28 credit under section 2 of this 2026 Act will support the taxpayer in  
29 conducting a trade or business directly related to advanced manufac-  
30 turing. If a pending request cannot be fully certified because of the

1 limitation in section 5 of this 2026 Act, the department shall certify the  
2 portion that may be certified unless the qualified advanced manufac-  
3 turing company elects to withdraw its request rather than receive  
4 partial credit.

5 “(4) The department shall establish by rule a fee for filing a written  
6 application for certification under this section. The fee shall be ade-  
7 quate to recover the costs incurred by the department in reviewing the  
8 applications under this section.

9 “(5) Information submitted to the department under this section is  
10 exempt from public disclosure under ORS 192.311 to 192.478 and must  
11 be treated as confidential.

12 “**SECTION 5.** The total amount of potential tax credits for all  
13 qualified advanced manufacturing companies in this state may not,  
14 at the time of certification under section 4 of this 2026 Act, exceed:

15 “(1) \$90 million for the biennium beginning July 1, 2027; and

16 “(2) \$50 million for the fiscal year beginning July 1, 2029.

17 “**SECTION 6.** ORS 315.519 is amended to read:

18 “315.519. (1)(a) If the amount allowable as a credit under ORS 315.518,  
19 after any reduction applicable under subsection (2) of this section, when  
20 added to the sum of the amount of estimated tax paid under ORS 314.515 and  
21 any other tax prepayment amounts, exceeds the taxes imposed by ORS  
22 chapters 314 and 317 for the tax year after application of any nonrefundable  
23 credits allowable for purposes of ORS chapter 317 for the tax year, the  
24 amount of the excess determined under this subsection shall be refunded to  
25 the taxpayer as provided in ORS 314.415.

26 “(b) If the amount allowable as a credit under ORS 315.518, after any re-  
27 duction applicable under subsection (2) of this section, when added to the  
28 sum of the amounts allowable as payment of tax under ORS 316.187 or  
29 316.583, other tax prepayment amounts and other refundable credit amounts,  
30 exceeds the taxes imposed by ORS chapters 314 and 316 for the tax year after

1 application of any nonrefundable credits allowable for purposes of ORS  
2 chapter 316 for the tax year, the amount of the excess shall be refunded to  
3 the taxpayer as provided in ORS 316.502.

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

5           “(a) Fewer than 150 employees at the close of the tax year, the amount  
6 of credit used in the calculation in subsection (1) of this section shall be  
7 reduced by 25 percent.

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

11           “(c) At least 500 employees [*but fewer than 3,000 employees*] at the close  
12 of the tax year, the amount of credit used in the calculation in subsection  
13 (1) of this section shall be reduced by 75 percent.

14       “(3) Any amount not available for refund due to subsection (2) of this  
15 section may be carried forward as provided in ORS 315.518 (10).

16       “[(4) *This section applies only to taxpayers with fewer than 3,000 employees*  
17 *who are employed in Oregon at the close of the tax year.*]”

18       **“SECTION 7.** ORS 315.522 is amended to read:

19       “315.522. (1) A taxpayer seeking to claim the credit provided under ORS  
20 315.518 shall file for each tax year a written application for certification  
21 with the Oregon Business Development Department. The application must  
22 include:

23           “(a) A description of how the taxpayer meets the definition of a qualified  
24 semiconductor company under ORS 315.518;

25           “(b) A description of how proposed research and development activities  
26 for which the taxpayer seeks a tax credit under ORS 315.518 will support the  
27 taxpayer in conducting a business or trade directly related to semiconduc-  
28 tors; and

29           “(c) Any other information that is required by the department by rule.

30       “(2) An application for certification under this section must be accompa-

1 nined by a payment of any fee established by the department by rule under  
2 subsection (4) of this section.

3 “(3) After considering timely filed and complete applications, along with  
4 amounts available under section 8, chapter 298, Oregon Laws 2023, the de-  
5 partment shall, if the department deems appropriate, issue a certification to  
6 an applicant taxpayer if the department determines that the taxpayer is a  
7 qualified semiconductor company as [*that term is*] defined under ORS 315.518,  
8 and if the taxpayer attests that the proposed research and development ac-  
9 tivities for which the taxpayer seeks the credit under ORS 315.518 will sup-  
10 port the taxpayer in conducting a trade or business directly related to  
11 semiconductors. **If a pending request cannot be fully certified because**  
12 **of the limitation in section 8, chapter 298, Oregon Laws 2023, the de-**  
13 **partment shall certify the portion that may be certified unless the**  
14 **qualified semiconductor company elects to withdraw its request rather**  
15 **than receive partial credit.**

16 “(4) The department shall establish by rule a fee for filing a written ap-  
17 plication for certification under this section. The fee shall be adequate to  
18 recover the costs incurred by the department in reviewing the applications  
19 under this section.

20 “(5) Information submitted to the department under this section or section  
21 5, chapter 298, Oregon Laws 2023, is exempt from public disclosure under  
22 ORS 192.311 to 192.478 and must be treated as confidential.

23 **“SECTION 8.** ORS 314.772 is amended to read:

24 “314.772. (1) Except as provided in ORS 314.766 (5)(b), the tax credits al-  
25 lowed or allowable to a C corporation for purposes of ORS chapter 317 or  
26 318 shall not be allowed to an S corporation. The business tax credits al-  
27 lowed or allowable for purposes of ORS chapter 316 shall be allowed or are  
28 allowable to the shareholders of the S corporation.

29 “(2) In determining the tax imposed under ORS chapter 316, as provided  
30 under ORS 314.763, on income of the shareholder of an S corporation, there

1 shall be taken into account the shareholder's pro rata share of business tax  
2 credit (or item thereof) that would be allowed to the corporation (but for  
3 subsection (1) of this section) or recapture or recovery thereof. The credit (or  
4 item thereof), recapture or recovery shall be passed through to shareholders  
5 in pro rata shares as determined in the manner prescribed under section  
6 1377(a) of the Internal Revenue Code.

7       “(3) The character of any item included in a shareholder's pro rata share  
8 under subsection (2) of this section shall be determined as if such item were  
9 realized directly from the source from which realized by the corporation, or  
10 incurred in the same manner as incurred by the corporation.

11       “(4) If the shareholder is a nonresident and there is a requirement appli-  
12 cable for the business tax credit that in the case of a nonresident the credit  
13 be allowed in the proportion provided in ORS 316.117, then that provision  
14 shall apply to the nonresident shareholder.

15       “(5) As used in this section, 'business tax credit' means the following  
16 credits: ORS 315.104 (forestation and reforestation), ORS 315.124 (small forest  
17 option), ORS 315.133 (agricultural overtime pay), ORS 315.138 (fish screening,  
18 by-pass devices, fishways), ORS 315.141 (biomass production for biofuel), ORS  
19 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture workforce  
20 housing), ORS 315.176 (bovine manure), ORS 315.204 (dependent care assist-  
21 ance), ORS 315.208 (dependent care facilities), ORS 315.213 (contributions for  
22 child care), ORS 315.237 (employee and dependent scholarships), ORS 315.271  
23 (individual development accounts), ORS 315.283 (affordable housing sales),  
24 ORS 315.304 (pollution control facility), ORS 315.326 (renewable energy de-  
25 velopment contributions), ORS 315.331 (energy conservation projects), ORS  
26 315.336 (transportation projects), ORS 315.341 (renewable energy resource  
27 equipment manufacturing facilities), ORS 315.354 and 469B.151 (energy con-  
28 servation facilities), ORS 315.506 (tribal taxes on reservation enterprise zones  
29 and reservation partnership zones), ORS 315.507 (electronic commerce), ORS  
30 315.514 (film production development contributions), ORS 315.518 (semicon-

1 ductors), ORS 315.523 (employee training programs), ORS 315.533 (low income  
2 community jobs initiative), ORS 315.593 (short line railroads), ORS 315.640  
3 (university venture development funds), ORS 315.643 (Opportunity Grant  
4 Fund contributions), ORS 315.675 (Trust for Cultural Development Account  
5 contributions), ORS 317.097 (loans for affordable housing), ORS 317.124 (long  
6 term enterprise zone facilities) and ORS 317.147 (loans for agriculture  
7 workforce housing) and section 9, chapter 774, Oregon Laws 2013 (alternative  
8 fuel vehicle contributions), **and section 2 of this 2026 Act (advanced  
9 manufacturing).**

10       **“SECTION 9.** Section 12, chapter 298, Oregon Laws 2023, is amended to  
11 read:

12       **“Sec. 12. [Sections 2 to 5 of this 2023 Act] ORS 315.518 to 315.522 and  
13 section 5, chapter 298, Oregon Laws 2023, apply to tax years beginning  
14 on or after January 1, 2024, and before January 1, [2030] 2036.**

15       **“SECTION 10. (1) Sections 2 to 4 of this 2026 Act apply to tax years  
16 beginning on or after January 1, 2027, and before January 1, 2036.**

17       **“(2) The amendments to ORS 315.519 and 315.522 by sections 6 and  
18 7 of this 2026 Act apply to tax years beginning on or after January 1,  
19 2027.**

20       **“SECTION 11. As used in sections 11 to 15 of this 2026 Act:**

21       **“(1)(a) ‘Advanced manufacturing’ means activities that:**

22       **“(A) Depend on the use and coordination of information, auto-  
23 mation, computation, software, industrial sensors and networking;**

24       **“(B) Make use of newly developed materials and processes enabled  
25 by the physical and biological sciences, including but not limited to  
26 nanotechnology, chemistry and biology;**

27       **“(C) Involve both new ways to manufacture existing products and  
28 the manufacture of new products emerging from new advanced tech-  
29 nologies; or**

30       **“(D) As applied to biotechnology and life sciences activities, are**

1 related research, development, scale-up and enabling technology ac-  
2 tivities integral to the production of biological, medical or biobased  
3 products.

4 “(b) ‘Advanced manufacturing’ does not include activities that are  
5 primarily:

6 “(A) Routine assembly, packaging, labeling, sorting, warehousing,  
7 storage or distribution;

8 “(B) Basic fabrication, machining or processing that does not in-  
9 corporate advanced technologies or materially transform products or  
10 production processes;

11 “(C) Maintenance, repair or refurbishment of machinery, equipment  
12 or products; or

13 “(D) Administrative, clerical, sales, marketing or other nonprod-  
14 uction activities.

15 “(2) ‘Machinery and equipment’ means both real property and per-  
16 sonal property machinery and equipment.

17 “(3) ‘Placed in service’ means, with respect to machinery and  
18 equipment, first used for its intended commercial use, or first readily  
19 available and operational for such use, after the date on which it was  
20 acquired or updated.

21 “**SECTION 12.** (1)(a) The governing body of a city or county may  
22 establish by ordinance or resolution a property tax exemption for  
23 newly acquired or newly updated machinery and equipment used by  
24 an advanced manufacturing business exclusively within the boundaries  
25 of the city or the unincorporated areas of the county, respectively, for  
26 the primary purpose of advanced manufacturing.

27 “(b) Newly acquired machinery and equipment may be new or used  
28 at the time of acquisition.

29 “(c) Machinery and equipment shall not be considered newly up-  
30 dated on the basis of having been rehabilitated or reconditioned or

1 having received ongoing maintenance or repair.

2       “(2)(a) To be eligible for an exemption under an ordinance or re-  
3 solution adopted under subsection (1) of this section, machinery and  
4 equipment:

5       “(A) Must be a capital asset;

6       “(B) Must be first acquired or leased by the business claiming the  
7 exemption not more than two years prior to being placed in service;

8       “(C) Must be placed in service on or after January 1, 2026; and

9       “(D) May not have previously been subject to ad valorem property  
10 taxation in Oregon.

11       “(b) Machinery and equipment that is leased is eligible for the ex-  
12 emption only if the lessee is responsible under the lease for paying  
13 property taxes on the machinery and equipment.

14       “(3) An ordinance or resolution adopted under this section shall  
15 specify the period, not to exceed five consecutive property tax years,  
16 for which the exemption may be granted.

17       “(4) The city or county may adopt any other provisions related to  
18 the property tax exemption that do not conflict with the requirements  
19 of sections 11 to 15 of this 2026 Act.

20       “(5)(a) The city or county may amend or repeal an ordinance or  
21 resolution adopted under this section at any time.

22       “(b) Notwithstanding paragraph (a) of this subsection, machinery  
23 and equipment that is receiving an exemption under sections 11 to 15  
24 of this 2026 Act when the amendment or repeal becomes effective shall  
25 continue to receive the exemption pursuant to the provisions of the  
26 ordinance or resolution in effect when the machinery and equipment  
27 was initially granted the exemption.

28       “**SECTION 13.** (1) The Department of Revenue shall prescribe an  
29 application form for purposes of this section and may adopt other  
30 rules to implement this section.

1       **(2)(a) An advanced manufacturing business seeking exemption for**  
2       **machinery and equipment under sections 11 to 15 of this 2026 Act must**  
3       **apply on or before March 1 of the first assessment year for which an**  
4       **exemption is sought to the assessor of the county in which the ma-**  
5       **chinery and equipment will be used.**

6       **“(b) The application must include information and documents in-**  
7       **cluding but not limited to a schedule of the machinery and equipment**  
8       **for which the exemption is claimed, certification of eligibility of the**  
9       **machinery and equipment obtained in accordance with section 14 of**  
10       **this 2026 Act and any other information or documents the department**  
11       **considers necessary or convenient for determining the eligibility of the**  
12       **machinery and equipment.**

13       **“(3) Notwithstanding subsection (2) of this section, the assessor may**  
14       **approve an application filed after March 1 and on or before December**  
15       **31 of the assessment year if accompanied by a late filing fee equal to**  
16       **the greater of \$200 or one-tenth of one percent of the real market**  
17       **value of the machinery and equipment.**

18       **“(4) The assessor shall exclude from the exemption any machinery**  
19       **and equipment included in an application that does not satisfy the el-**  
20       **igibility requirements for the exemption.**

21       **“(5)(a) An assessor may charge the applicant a fee in an amount**  
22       **equal to the actual administrative costs incurred by the county in re-**  
23       **viewing applications and monitoring, auditing and enforcing an ex-**  
24       **emption granted under sections 11 to 15 of this 2026 Act.**

25       **“(b) Administrative costs may include, but are not limited to:**

26       **“(A) Application review and eligibility verification;**

27       **“(B) Onsite inspections;**

28       **“(C) Ongoing compliance monitoring; and**

29       **“(D) Recapture or disqualification determinations.**

30       **“(c) A fee imposed under this subsection shall be due at a time**

1 specified by the assessor.

2       **“SECTION 14. (1)(a) To determine the eligibility of machinery and**  
3 **equipment included in an application for exemption under sections 11**  
4 **to 15 of this 2026 Act, the assessor of the county in which the ma-**  
5 **chinery and equipment is located shall forward the application to the**  
6 **governing body of the city or county that adopted the exemption under**  
7 **section 12 of this 2026 Act.**

8       **“(b) Eligibility shall be determined in accordance with the standards**  
9 **established under sections 11 to 15 of this 2026 Act and the ordinance**  
10 **or resolution adopted by a city or county under section 12 of this 2026**  
11 **Act.**

12       **“(2)(a) As soon as practicable after receipt of the application, the**  
13 **city or county may request entry to any site or premises at which**  
14 **machinery and equipment included in the application is located in or-**  
15 **der to inspect the property and examine any papers or records related**  
16 **to the determination of eligibility.**

17       **“(b) The request must be for entry during regular business hours**  
18 **at the applicant’s place of business in the county or at another place**  
19 **convenient to the parties.**

20       **“(c) If the applicant does not permit entry, the application shall be**  
21 **denied.**

22       **“(3) The city or county shall certify to the assessor the machinery**  
23 **and equipment that is eligible for the exemption and explain why any**  
24 **other machinery and equipment is not eligible.**

25       **“SECTION 15. (1) An exemption under sections 11 to 15 of this 2026**  
26 **Act applies only for the period during which the machinery and**  
27 **equipment remains in service for uses for which the exemption may**  
28 **be granted.**

29       **“(2) An advanced manufacturing business must notify the assessor**  
30 **of the county in which the machinery and equipment is used as soon**

1 as practicable after the earlier of the date on which the exempt ma-  
2 chinery and equipment is removed from service or reaches the end of  
3 the term for which the exemption was granted.

4 “(3) When the machinery and equipment is disqualified under sub-  
5 section (2) of this section, the machinery and equipment shall, as of  
6 the property tax year next following the property tax year in which  
7 disqualifying circumstance occurred:

8 “(a) Be valued under ORS 308.232 at its real market value as defined  
9 by law; and

10 “(b) Be assessed at its assessed value under ORS 308.146 or as oth-  
11 erwise provided by law.

12 “**SECTION 16.** ORS 285B.626 is amended to read:

13 “285B.626. As used in ORS 285B.625 to 285B.632:

14 “(1)(a) ‘Eligible employer’ means an employer that[:]

15 “[*(a)*] is conducting a traded sector business on a regionally significant  
16 industrial site[,] and **that meets the requirements under paragraph (b)**  
17 **or (c) of this subsection.**

18 “(b)[*(A)*] With respect to [*the*] **an employer’s establishment at a rural**  
19 **regionally significant industrial site, [has increased] the employer must:**

20 “**(A) Be conducting business at a site where, together with all other**  
21 **eligible employers conducting business at the same site, the cumula-**  
22 **tive average annual employment has increased by at least 25 jobs after**  
23 **designation as a regionally significant industrial site; and**

24 “**(B) [has] Have** an average annual wage of at least 150 percent of the  
25 county or state average wage, whichever is less[; or].

26 “**[*(B)*] (c) With respect to [*the*] **an employer’s establishment at an urban**  
27 **regionally significant industrial site, [has increased] the employer must:****

28 “**(A) Be conducting business at a site where, together with all other**  
29 **eligible employers conducting business at the same site, the cumula-**  
30 **tive average annual employment has increased by at least 50 jobs after**

1    **designation as a regionally significant industrial site; and**

2        **“(B) [has] Have** an average annual wage of at least 150 percent of the  
3    county or state average wage, whichever is less.

4        “(2) ‘Estimated incremental income tax revenues’ means the Oregon per-  
5    sonal income tax revenues that are equivalent to the amount of tax that  
6    employees of an eligible employer who are hired by the eligible employer on  
7    a designated regionally significant industrial site have paid under ORS  
8    chapter 316 in the tax years following the first tax year in which the eligible  
9    employer begins conducting a traded sector business on the designated re-  
10   gionally significant industrial site.

11       “(3) ‘Industrial use’ means employment activities, including but not lim-  
12   ited to manufacturing, assembly, fabrication, processing, storage, logistics,  
13   warehousing, importation, distribution, transshipment and research and de-  
14   velopment, that generate income from the production, handling or distrib-  
15   ution of goods or services, including goods or services in the traded sector.

16       “(4) ‘Project sponsor’ means:

17       “(a) A public owner of a regionally significant industrial site that is in-  
18   vesting in preparation of the site for industrial use by a third party; or

19       “(b) A public entity that has entered into a development or other agree-  
20   ment with the private owner of a regionally significant industrial site to  
21   prepare the site for industrial use.

22       “(5) ‘Regionally significant industrial site’ means a site planned and zoned  
23   for industrial use that:

24       “(a)(A) Is suitable for the location of new industrial uses or the expansion  
25   of existing industrial uses and that can provide significant additional em-  
26   ployment in the region;

27       “(B) Has site characteristics that provide significant competitive advan-  
28   tages that are difficult or impossible to replicate in the region; and

29       “(C) Has superior access to transportation and freight infrastructure, in-  
30   cluding but not limited to rail, port, airport, multimodal freight or trans-

1 shipment facilities and other major transportation facilities or routes; or  
2       “(b) Is located in an area designated by Metro, as defined in ORS 197.015,  
3 as a regionally significant industrial area.

4       “(6) ‘Rural site’ means a regionally significant industrial site located in  
5 an area outside of a metropolitan statistical area, as defined by the most  
6 recent federal decennial census.

7       “(7) ‘Traded sector’ has the meaning given that term in ORS 285A.010.

8       “(8) ‘Urban site’ means a regionally significant industrial site located in  
9 a metropolitan statistical area, as defined by the most recent federal  
10 decennial census, that is located inside a regional or metropolitan urban  
11 growth boundary.

12       “(9) ‘Wage’ has the meaning given that term pursuant to rules adopted  
13 by the Oregon Business Development Department.

14       **“SECTION 17. Section 18 of this 2026 Act is added to and made a  
15 part of ORS chapter 183.**

16       **“SECTION 18. (1) As used in this section:**

17       **“(a) ‘Agency’ means:**

18       **“(A) The Department of Transportation.**

19       **“(B) The Department of Land Conservation and Development.**

20       **“(C) The State Department of Energy.**

21       **“(D) The Department of State Lands.**

22       **“(E) The Department of Environmental Quality.**

23       **“(F) The Water Resources Department.**

24       **“(G) The State Department of Agriculture.**

25       **“(b) ‘Permit’ has the meaning given that term in ORS 183.700.**

26       **“(2) Not later than 120 days after the effective date of this 2026 Act,  
27 an agency shall publish a catalog of permits issued by the agency that  
28 are related to or have an impact on economic development projects.  
29 For each permit issued by the agency that is related to or has an im-  
30 pact on economic development projects, the catalog must include:**

1       **“(a) A description of the permit.**

2       **“(b) The duration of the permit.**

3       **“(c) The statutory authority, regulatory authority or other author-**  
4 **ity for issuing the permit.**

5       **“(d) The method by which the agency receives applications for the**  
6 **permit and, if readily available, the date on which the method was last**  
7 **significantly updated.**

8       **“(e) Any statutory, regulatory or other authority governing the**  
9 **time within which the agency must process applications for the per-**  
10 **mit.**

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

14       **“(g) An analysis identifying opportunities to streamline the ap-**  
15 **proval process for the permit, eliminate any unnecessary steps or**  
16 **barriers, reduce the incidence of incomplete applications and eliminate**  
17 **any obsolete or unnecessary approval processes.**

18       **“(h) The approximate number of applications for the permit cur-**  
19 **rently pending at the agency and a statement of whether a backlog**  
20 **exists.**

21       **“(3) Not later than 120 days after the effective date of this 2026 Act,**  
22 **an agency shall report to an appropriate committee or interim com-**  
23 **mittee of the Legislative Assembly on:**

24       **“(a) Permitting programs in the agency that are not meeting rea-**  
25 **sonable processing timelines.**

26       **“(b) Opportunities to streamline and improve permit processing and**  
27 **meet reasonable processing timelines.**

28       **“(c) Suggestions obtained from consultation with permit applicants**  
29 **on permit processing.**

30       **“(d) Opportunities to provide fee relief for delayed permit process-**

1    **ing.**

2    **“SECTION 19. Section 18 of this 2026 Act is repealed on January 2,**  
3    **2027.**

4    **“SECTION 20.** ORS 197A.250 is amended to read:

5    “197A.250. (1) For purposes of land use planning in Oregon, the Legisla-  
6    tive Assembly designates the land in Washington County that was designated  
7    as rural reserve in Metro Resolution No. 11-4245, adopted on March 15, 2011,  
8    as the acknowledged rural reserve in Washington County, except that:

9        “(a) The Legislative Assembly does not designate as rural reserves the  
10      real property in Area 5C on Metro’s map denominated as the ‘Urban and  
11      Rural Reserves in Washington County, Attachment A to Staff Report for  
12      Resolution No. 11-4245 (03/17/11 DRAFT),’ that is more particularly described  
13      as:

14        “(A) Tax lots 1500 and 1501, section 1 of township 2 south, range 2 west,  
15      Willamette Meridian; and

16        “(B) A tract of land being in the north one-half of section 18, township  
17      2 south, range 1 west, Willamette Meridian, Washington County Oregon, and  
18      being more particularly described as follows: Beginning at the northeast  
19      corner of that tract of land conveyed to John Lasich, et ux, by deed recorded  
20      October 22, 1931, in Book 148, page 116, of the Washington County Deed  
21      Records; thence westerly along the north line said tract 1444.2 feet, more or  
22      less, to the southwest corner of that property described in Deed Document  
23      No. 81038291 of the Washington County Book of Records; thence southerly  
24      and perpendicular to said north line, 50.00 feet; thence easterly on a line  
25      being parallel with and 50.00 feet southerly of said north line 1444.2 feet,  
26      more or less, to the east line of said Lasich tract; thence northerly 50.00 feet  
27      to the point of beginning.

28        “(b) The Legislative Assembly designates as acknowledged urban reserve  
29      the real property that is part of the original plat of Bendemeer, Washington  
30      County, Oregon, more particularly described as:

1       “(A) All of lots 1 through 18, inclusive;

2       “(B) The parts of lots 64, 65 and 66 that are situated between the east  
3       boundary of the right of way of Northwest West Union Road and the east  
4       boundary of the right of way of Northwest Cornelius Pass Road;

5       “(C) The real property that is more particularly described as: Beginning  
6       at a point of origin that is the south bank of Holcomb Creek and the west  
7       boundary of the right of way of Northwest Cornelius Pass Road; thence  
8       easterly along the south bank of Holcomb Creek, continuing along the south  
9       bank of Holcomb Lake to its intersection with the west boundary of Area  
10      8C; thence southerly along the west boundary of Area 8C to its intersection  
11      with the north boundary of the right of way of Northwest West Union Road;  
12      thence westerly along the right of way to its intersection with the west  
13      boundary of the right of way of Northwest Cornelius Pass Road; thence  
14      northerly along the right of way to the point of origin;

15       “(D) The real property that is more particularly described as tax lot 4050  
16      in section 14A of township 1 north, range 2 west, Willamette Meridian;

17       “(E) The portion of Northwest West Union Road and its right of way from  
18      the intersection of the road with the west boundary of Area 8C to the  
19      intersection of the road with the west boundary of the right of way of  
20      Northwest Bendemeer Road on Metro's map denominated as the 'Urban and  
21      Rural Reserves in Washington County, Attachment A to Staff Report for  
22      Resolution No. 11-4245 (03/17/11 DRAFT)'; and

23       “(F) The real property that is more particularly described as tax lot 400  
24      in section 14D of township 1 north, range 2 west, Willamette Meridian.

25       “(2) For purposes of land use planning in Oregon, the Legislative Assem-  
26      bly designates the land in Washington County that was designated as urban  
27      reserve in Metro Resolution No. 11-4245, adopted on March 15, 2011, as the  
28      acknowledged urban reserve in Washington County, except that:

29       “(a)(A) The real property in Area 8A on Metro's map denominated as the  
30      'Urban and Rural Reserves in Washington County, Attachment A to Staff

1 Report for Resolution No. 11-4245 (03/17/11 DRAFT),' **including the area**  
2 **immediately adjacent to Area 8A and south of the north boundary of**  
3 **the right of way of Highway 26, that is** east of the [east] west boundary  
4 of the right of way of Northwest Jackson School Road [and east of the east  
5 bank of Storey Creek and the east bank of Waibel Creek] **and the land south**  
6 **of the northern right of way of Highway 26 and north of Area 8A and**  
7 is included within the acknowledged Metro urban growth boundary.

8 **(B) Notwithstanding subparagraph (A) of this paragraph, the real**  
9 **property within the northeasternmost portion of Area 8A that is di-**  
10 **rectly east of the property added to the urban growth boundary by**  
11 **Metro Ordinance No. 11-1264B is designated as acknowledged urban**  
12 **reserve.**

13 " (b) The real property in Area 8A on Metro's map denominated as the  
14 'Urban and Rural Reserves in Washington County, Attachment A to Staff  
15 Report for Resolution No. 11-4245 (03/17/11 DRAFT),' that is south of the  
16 [south] **north** boundary of the right of way of Highway 26 and west of the  
17 real property described in paragraph (a) of this subsection is designated as  
18 acknowledged [rural] **urban** reserve.

19 " (c) The real property in Area 8B on Metro's map denominated as the  
20 'Urban and Rural Reserves in Washington County, Attachment A to Staff  
21 Report for Resolution No. 11-4245 (03/17/11 DRAFT),' that is more partic-  
22 ularly described as tax lot 100 in section 21AA of township 1 north, range  
23 2 west, Willamette Meridian, and tax lots 900, 901, 1100, 1200, 1300 and 1400  
24 in section 15 of township 1 north, range 2 west, Willamette Meridian, is not  
25 designated as a reserve area.

26 " (d) The real property in Area 8B on Metro's map denominated as the  
27 'Urban and Rural Reserves in Washington County, Attachment A to Staff  
28 Report for Resolution No. 11-4245 (03/17/11 DRAFT),' that is not described  
29 in paragraph (c) of this subsection is designated as acknowledged rural re-  
30 serve.

1       “(e) The real property in Area 7B on Metro’s map denominated as the  
2 ‘Urban and Rural Reserves in Washington County, Attachment A to Staff  
3 Report for Resolution No. 11-4245 (03/17/11 DRAFT),’ that is north of the  
4 south bank of Council Creek is designated as acknowledged rural reserve.

5       “(f) The real property in Area 7B on Metro’s map denominated as the  
6 ‘Urban and Rural Reserves in Washington County, Attachment A to Staff  
7 Report for Resolution No. 11-4245 (03/17/11 DRAFT),’ that is south of the  
8 south bank of Council Creek is included within the acknowledged **Metro**  
9 urban growth boundary.

10      “(3) For purposes of land use planning in Oregon, in relation to the fol-  
11 lowing real property in Washington County that is not reserved by desig-  
12 nation in Metro Resolution No. 11-4245, adopted on March 15, 2011, the  
13 Legislative Assembly designates:

14      “(a) As acknowledged rural reserve the real property that is situated  
15 south of the City of North Plains on Metro’s map denominated as the ‘Urban  
16 and Rural Reserves in Washington County, Attachment A to Staff Report for  
17 Resolution No. 11-4245 (03/17/11 DRAFT),’ more particularly described as tax  
18 lots 100, 101, 200 and 201 in section 11 of township 1 north, range 3 west,  
19 Willamette Meridian, tax lots 1800 and 2000 and that portion of tax lot 3900  
20 that is north of the south line of the Dobbins Donation Land Claim No. 47  
21 in section 12 of township 1 north, range 3 west, Willamette Meridian, and  
22 the portion of Northwest Gordon Road and its right of way from the south  
23 boundary of the right of way of Northwest Beach Road to the south bound-  
24 ary of tax lot 200 in section 11 of township 1 north, range 3 west, Willamette  
25 Meridian.

26      “(b) As acknowledged rural reserve the real property that is situated  
27 north of the City of Cornelius on Metro’s map denominated as the ‘Urban  
28 and Rural Reserves in Washington County, Attachment A to Staff Report for  
29 Resolution No. 11-4245 (03/17/11 DRAFT),’ and that is north of the south  
30 bank of Council Creek, east of the east right of way of Northwest

1 Cornelius-Schefflin Road and west of the west bank of Dairy Creek.

2       “(c) As acknowledged rural reserve the real property that is north of the  
3 City of Forest Grove on Metro’s map denominated as the ‘Urban and Rural  
4 Reserves in Washington County, Attachment A to Staff Report for Resol-  
5 ution No. 11-4245 (03/17/11 DRAFT),’ more particularly described as east of  
6 Area 7B, west of the east right of way of Highway 47 and south of the north  
7 right of way of Northwest Purdin Road.

8       “(d) As acknowledged rural reserve the real property that is situated west  
9 of Area 8B on Metro’s map denominated as the ‘Urban and Rural Reserves  
10 in Washington County, Attachment A to Staff Report for Resolution No.  
11 11-4245 (03/17/11 DRAFT).’

12       “(4) Land in a county in Metro that is planned and zoned for farm, forest  
13 or mixed farm and forest use and that is not designated as urban reserve  
14 may not be included within the urban growth boundary of Metro before at  
15 least 75 percent of the land in the county that was designated urban reserve  
16 in this section has been included within the urban growth boundary and  
17 planned and zoned for urban uses.

18       “(5) The real property described in subsection [(2)(a)] **(2)(a)(A)** of this  
19 section, except for the land **north of Storey Creek and the land** denomi-  
20 nated as ‘UGB 2014’ on the Metro Map titled ‘HB 4078 Reserves and Urban  
21 Growth Boundary Washington County Area - Attachment 1 (June 2014)’ and  
22 that is south of *[Northwest Sunset Highway]* **the north boundary of the**  
23 **right of way of Highway 26** and north of Northwest Evergreen Road:

24       “(a) Is employment land of state significance; and

25       “(b) Must be planned and zoned for employment use.

26       **“(6) The real property described in subsection (2)(a)(A) of this sec-  
27 tion not within the property described in subsection (5) of this section:**

28       **“(a) Must be planned and zoned for industrial use, including:**

29       **“(A) High-technology and advanced manufacturing and production,  
30 including research and development;**

1       **“(B) Uses that support high-technology and advanced manufacturing, research and development; and**

3       **“(C) Commercial uses that are accessory to and support high-  
4 technology and advanced manufacturing.**

5       **“(b) May not zoned for or developed as:**

6       **“(A) A data storage, processing or information center except as an  
7 accessory to or part of a use described in paragraph (a) of this sub-  
8 section;**

9       **“(B) Commercial uses, including lodging, recreation, eating and  
10 drinking establishments, retail products and services, or office, self-  
11 service storage, truck stops or vehicle service facilities; or**

12       **“(C) Retail warehousing facilities for consumer goods.**

13       **“[(6)] (7) If the real property described in subsection (2)(f) of this section  
14 or ORS 197A.358 (1) to (3) is planned and zoned for employment use, in its  
15 first legislative review of the urban growth boundary on or after April 1,  
16 2014, Metro shall not count the employment capacity of the real property  
17 described in subsection (2)(f) of this section or in ORS 197A.358 (1) to (3) in  
18 determining the employment capacity of the land within Metro.**

19       **“SECTION 21. (1) Notwithstanding ORS chapter 197 or 197A, ORS  
20 215.431 or 227.188, any statewide land use planning goals or adminis-  
21 trative rules that implement the goals, not later than six months fol-  
22 lowing the effective date of this 2026 Act, the City of Hillsboro shall  
23 amend its comprehensive plan and land use regulations to allow for  
24 the use of the land described in ORS 197A.250 (2)(a)(A) for the uses  
25 described in ORS 197A.250 (6). The amendments are deemed acknowl-  
26 edged under ORS 197.251 upon adoption by the city, provided that:**

27       **“(a) Each amendment is adopted by an ordinance or resolution of  
28 the governing body of the city after a public hearing; and**

29       **“(b) A copy of the ordinance or resolution is delivered to the Land  
30 Conservation and Development Commission within 14 days after**

1 **adoption.**

2       **“(2) Notwithstanding the inclusion of land within an urban growth**  
3 **boundary under this section, Washington County is not required to**  
4 **amend its comprehensive plan or apply an urban zoning designation**  
5 **to the land prior to annexation of the land by the City of Hillsboro.**  
6 **Until the land is annexed and rezoned by the city, the county may**  
7 **continue to apply its existing comprehensive plan designation and land**  
8 **use regulations and is not required to take any additional land use**  
9 **action with respect to the land.**

10      **“SECTION 22. This 2026 Act takes effect on the 91st day after the**  
11 **date on which the 2026 regular session of the Eighty-third Legislative**  
12 **Assembly adjourns sine die.”.**

13      \_\_\_\_\_