

House Bill 2364

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of House Interim Committee on Business and Labor)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires authorized business firm to submit local procurement plan as condition of enterprise zone exemption from property taxation.

Requires business firm benefited by eligible project in strategic investment zone to submit local procurement plan.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to local procurement plans; creating new provisions; amending ORS 285C.050, 285C.600 and
3 285C.606; and prescribing an effective date.

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

5 **SECTION 1.** ORS 285C.050, as amended by section 18, chapter 76, Oregon Laws 2010, is
6 amended to read:

7 285C.050. As used in ORS 285C.050 to 285C.250, unless the context requires otherwise:

8 (1) "Assessment date" and "assessment year" have the meanings given those terms in ORS
9 308.007.

10 (2) "Authorized business firm" means an eligible business firm that has been authorized under
11 ORS 285C.140.

12 (3) "Business firm" means a person operating or conducting one or more trades or businesses,
13 a people's utility district organized under ORS chapter 261 or a joint operating agency formed under
14 ORS chapter 262, but does not include any other governmental agency, municipal corporation or
15 nonprofit corporation.

16 (4) "County average annual wage" means:

17 (a) The most recently available average annual covered payroll for the county in which the en-
18 terprise zone is located, as determined by the Employment Department; or

19 (b) If the enterprise zone is located in more than one county, the highest county average annual
20 wage as determined under paragraph (a) of this subsection.

21 (5) "Electronic commerce" means engaging in commercial or retail transactions predominantly
22 over the Internet or a computer network, utilizing the Internet as a platform for transacting busi-
23 ness, or facilitating the use of the Internet by other persons for business transactions, and may be
24 further defined by the Oregon Business Development Department by rule.

25 (6) "Eligible business firm" means a firm engaged in an activity described under ORS 285C.135
26 that may file an application for authorization under ORS 285C.140.

27 (7) "Employee" means a person who works more than 32 hours per week, but does not include
28 a person with a temporary or seasonal job or a person hired solely to construct qualified property.

29 (8) "Enterprise zone" means one of the 30 areas designated or terminated and redesignated by

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 order of the Governor under ORS 284.160 (1987 Replacement Part) before October 3, 1989, one of the
 2 areas designated by the Director of the Oregon Business Development Department under ORS
 3 285C.080, a federal enterprise zone area designated under ORS 285C.085, an area designated under
 4 ORS 285C.250 or a reservation enterprise zone designated, or a reservation partnership zone
 5 cosponsored, under ORS 285C.306.

6 (9) "Federal enterprise zone" means any discrete area wholly or partially within this state that
 7 is designated as an empowerment zone, an enterprise community, a renewal community or some
 8 similar designation for purposes of improving the economic and community development of the area.

9 (10) "First-source hiring agreement" means an agreement between an authorized business firm
 10 and a publicly funded job training provider whereby the provider refers qualified candidates to the
 11 firm for new jobs and job openings in the firm.

12 (11) "In service" means being used or occupied or fully ready for use or occupancy for com-
 13 mercial purposes consistent with the intended operations of the business firm as described in the
 14 application for authorization.

15 **(12) "Local procurement plan" means a plan submitted by an authorized business firm**
 16 **that requires the authorized business firm to set goals, targets and strategies to identify,**
 17 **and make good faith efforts to purchase goods and services from, qualified local vendors.**

18 [(12)] (13) "Modification" means modernization, renovation or remodeling of an existing building,
 19 structure or real property machinery or equipment.

20 [(13)] (14) "New employees hired by the firm":

21 (a) Includes only those employees of an authorized business firm engaged for a majority of their
 22 time in eligible operations.

23 (b) Does not include individuals employed in a job or position that:

24 (A) Is created and first filled after December 31 of the first tax year in which qualified property
 25 of the firm is exempt under ORS 285C.175;

26 (B) Existed prior to the submission of the relevant application for authorization; or

27 (C) Is performed primarily at a location outside of the enterprise zone.

28 [(14)] (15) "Publicly funded job training provider" includes but is not limited to a community
 29 college, a service provider under the federal Workforce Investment Act Title I-B (29 U.S.C. 2801 et
 30 seq.), or a similar program.

31 [(15)] (16) "Qualified business firm" means a business firm described in ORS 285C.200, the qual-
 32 ified property of which is exempt from property tax under ORS 285C.175.

33 **(17) "Qualified local vendor" means a supplier, service provider, consultant or contractor**
 34 **that is located within the jurisdictional boundaries of the zone sponsor and that meets the**
 35 **business requirements of the authorized business firm.**

36 [(16)] (18) "Qualified property" means property described under ORS 285C.180.

37 [(17)] (19) "Rural enterprise zone" means:

38 (a) An enterprise zone located in an area of this state in which an urban enterprise zone could
 39 not be located; or

40 (b) A reservation enterprise zone designated, or a reservation partnership zone cosponsored,
 41 under ORS 285C.306.

42 [(18)] (20) "Sparsely populated county" means a county with a density of 100 or fewer persons
 43 per square mile, based on the most recently available population figure for the county from the
 44 Portland State University Population Research Center.

45 [(19)] (21) "Sponsor" means:

1 (a) The city, county or port, or any combination of cities, counties or ports, that received ap-
2 proval of an enterprise zone under ORS 284.150 and 284.160 (1987 Replacement Part), under ORS
3 285C.065 and 285C.075, under ORS 285C.085 or under ORS 285C.250;

4 (b) The tribal government, in the case of a reservation enterprise zone;

5 (c) The tribal government and the cosponsoring city, county or port, in the case of a reservation
6 partnership zone; or

7 (d) A city, county or port that joined the enterprise zone through a boundary change under ORS
8 285C.115 (7) or a port that joined the enterprise zone under ORS 285C.068.

9 [(20)] (22) "Tax year" has the meaning given that term in ORS 308.007.

10 [(21)] (23) "Urban enterprise zone" means an enterprise zone in a metropolitan statistical area,
11 as defined by the most recent federal decennial census, that is located inside a regional or metro-
12 politan urban growth boundary.

13 [(22)] (24) "Year" has the meaning given that term in ORS 308.007.

14 **SECTION 2. Section 3 of this 2011 Act is added to and made a part of ORS 285C.050 to**
15 **285C.250.**

16 **SECTION 3. (1)(a) The qualified property of an authorized business firm may not be ex-**
17 **empt from property taxation under ORS 285C.175 unless the firm submits a local procure-**
18 **ment plan to the zone sponsor before the assessment date for the first tax year for which**
19 **qualified property of the firm is exempt under ORS 285C.175.**

20 (b) A local procurement plan must be effective for the period of property tax exemption
21 and may not end before December 31 of the final year of exemption.

22 (c) The zone sponsor shall immediately notify the county assessor if the authorized
23 business firm does not submit a local procurement plan on or before April 1 immediately
24 preceding the first tax year for which the firm claims exemption for qualified property under
25 ORS 285C.175.

26 (2) The zone sponsor may adopt rules pursuant to which the zone sponsor may waive the
27 local procurement plan required under subsection (1) of this section if the zone sponsor finds
28 that:

29 (a) The authorized business firm is unable to locate a qualified local vendor; or

30 (b) The waiver would further the purposes of ORS 285C.050 to 285C.250.

31 **SECTION 4.** ORS 285C.600 is amended to read:

32 285C.600. As used in ORS 285C.600 to 285C.626:

33 (1) "Business firm" has the meaning given that term in ORS 285C.050.

34 (2) "Eligible project" means a project that meets criteria established by the Oregon Business
35 Development Commission to be exempt from property taxation under ORS 307.123.

36 (3) "First-source hiring agreement" has the meaning given that term in ORS 285C.050.

37 (4) "Local procurement plan" means a plan submitted by a business firm that requires
38 the business firm to set goals, targets and strategies to identify, and make good faith efforts
39 to purchase goods and services from, qualified local vendors.

40 [(4)] (5) "Publicly funded job training provider" has the meaning given that term in ORS
41 285C.050.

42 (6) "Qualified local vendor" means a supplier, service provider, consultant or contractor
43 that is located within the county requesting exemption from property taxation for the eligible
44 project and that meets the business requirements of the business firm.

45 [(5)] (7) "Rural area" means an area located entirely outside of the urban growth boundary of

1 a city with a population of 30,000 or more, as the urban growth boundary is acknowledged on De-
 2 cember 1, 2002.

3 [(6)] (8) “Strategic investment zone” means a geographic area established under ORS 285C.623,
 4 within which the property of eligible projects may be exempt from property taxation under ORS
 5 307.123.

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

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

- 10 (a) The project is an eligible project;
- 11 (b) The project directly benefits a traded sector industry, as defined in ORS 285B.280; and
- 12 (c) The total cost of the project equals or exceeds:
 - 13 (A) \$100 million; or
 - 14 (B) \$25 million, if the project is located in a rural area.

15 (2) In addition to and not in lieu of the determination described in subsection (1) of this section,
 16 the State of Oregon, acting through the Oregon Business Development Commission, shall determine
 17 that real and personal property constituting a project shall receive the tax exemption provided in
 18 ORS 307.123 if:

- 19 (a) The requirements of subsection (1) of this section are met; and
- 20 (b) The project is to be constructed or installed in a strategic investment zone established under
 21 ORS 285C.623.

22 (3) Notwithstanding subsection (1) or (2) of this section, property may not qualify for the tax
 23 exemption under ORS 307.123 if the property:

- 24 (a) Was previously owned or leased by the business firm benefiting from the tax exemption;
- 25 (b) Was previously exempt under ORS 307.123 for any period of time; or
- 26 (c) If located in a strategic investment zone, is not newly constructed or newly installed prop-
 27 erty.

28 (4) The State of Oregon, acting through the State Treasurer, may authorize and issue revenue
 29 bonds for an eligible project that qualifies for exemption under ORS 307.123 if the project also is
 30 eligible for funding through the issuance of revenue bonds under ORS 285B.320 to 285B.371.

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

34 **(6)(a) A business firm that will be benefited by an eligible project shall submit to the**
 35 **county, or if the proposed eligible project is located within a city, the city, a local procure-**
 36 **ment plan effective for the period of property tax exemption under ORS 307.123.**

37 **(b) The county or the city, as applicable, shall immediately notify the county assessor if**
 38 **the business firm does not submit a local procurement plan on or before April 1 immediately**
 39 **preceding the first tax year for which the business firm claims exemption for qualified**
 40 **property under ORS 307.123.**

41 **(c) A county or city may adopt rules pursuant to which the county or city, respectively,**
 42 **may waive the local procurement plan required under paragraph (a) of this subsection if the**
 43 **county or city finds that:**

- 44 **(A) The business firm is unable to locate a qualified local vendor; or**
- 45 **(B) The waiver would further the purposes of ORS 285C.600 to 285C.626.**

1 [(6)] (7) If an eligible project is leased or subleased to any person, the lessee shall be required
2 to pay property taxes levied upon or with respect to the leased premises only in accordance with
3 ORS 307.123.

4 [(7)] (8) For purposes of determining the assessment and taxation of the eligible project in ORS
5 307.123 and the calculation of the community services fee in ORS 285C.609 (4)(b), the Oregon Busi-
6 ness Development Commission, when it determines that the project is an eligible project, shall:

- 7 (a) Describe the real and personal property to be included in the eligible project;
- 8 (b) Establish the maximum value of the property subject to exemption; or
- 9 (c) Employ a comparable method to define the eligible project.

10 [(8)] (9) Property of an eligible project that is currently exempt under ORS 307.123 may remain
11 exempt for any remaining period of exemption allowed under ORS 307.123 upon the property being
12 acquired by a business firm that is different from the business firm that initially benefited from the
13 exemption, if the acquiring firm satisfies all applicable requirements under ORS 285C.600 to 285C.626
14 and assumes the obligations, conditions, requirements and other terms of the agreement described
15 in ORS 285C.609 (4).

16 **SECTION 6. This 2011 Act takes effect on the 91st day after the date on which the 2011**
17 **session of the Seventy-sixth Legislative Assembly adjourns sine die.**

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