

Enrolled
Senate Bill 129

Sponsored by Senator DEVLIN; Senators BATES, BEYER, BOQUIST, HANSELL, HASS, JOHNSON, KNOPP, MONROE, ROBLAN, STEINER HAYWARD, WINTERS (Presession filed.)

CHAPTER

AN ACT

Relating to strategic investment; creating new provisions; amending ORS 285C.600, 285C.615 and 285C.635 and section 6, chapter 905, Oregon Laws 2007; repealing ORS 285C.639; and declaring an emergency.

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

SECTION 1. ORS 285C.600 is amended to read:

285C.600. As used in ORS 285C.600 to 285C.639:

- (1) "Business firm" has the meaning given that term in ORS 285C.050.
- (2) "Eligible project" means a project that meets criteria established by the Oregon Business Development Commission to be exempt from property taxation under ORS 307.123.
- (3) "First-source hiring agreement" has the meaning given that term in ORS 285C.050.
- (4) **"Newly created jobs" means, for an eligible project, total jobs less retained jobs.**

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

~~[(5)]~~ (6) "Rural area" means an area located entirely outside of the urban growth boundary of a city with a population of 30,000 or more, as the urban growth boundary is acknowledged on December 1, 2002.

~~[(6)]~~ (7) "Strategic investment zone" means a geographic area established under ORS 285C.623, within which the property of eligible projects may be exempt from property taxation under ORS 307.123.

SECTION 2. ORS 285C.615 is amended to read:

285C.615. (1) On or before April 1 following each tax year that property is exempt under ORS 307.123, the business firm that owns or leases the exempt property shall submit a report to the Oregon Business Development Department, in addition to any other reporting or filing requirement.

(2) The report shall be in a form prescribed by the Oregon Business Development Department and shall include:

- (a) The assessed value and location of taxable and exempt property constituting the eligible project and the corresponding payment and savings of property taxes for the tax year, as ascertained from the county assessor;
- (b) The amount and disposition of fees and other amounts paid by the business firm pursuant to the agreement with the county under ORS 285C.609 in the immediately preceding calendar year;
- (c) The average number of persons hired or employed by the business firm in association with the eligible project, determined by dividing the total number of hours for which such hired or employed persons were paid during the immediate prior calendar year by 2,080;

(d) The annual amount of taxable income and total compensation paid to employees as described in paragraph (c) of this subsection;

(e) Numbers and amounts as described in paragraphs (c) and (d) of this subsection for [*jobs retained in direct relation to*] **retained jobs and newly created jobs for** the eligible project; and

(f) Any other information required by the department.

(3)(a) If a business firm fails to provide a report required under this section or to verify information as requested by the Oregon Business Development Department, the Oregon Business Development Commission, upon recommendation by the department, may suspend the determination of the commission that the project receive the tax exemption provided for in ORS 307.123.

(b) If the commission suspends the determination of eligibility under this subsection, the exemption is revoked as provided in ORS 307.123 (6), until the department receives the report.

(c) Upon receipt of a report required under this section or the information requested by the department, the department shall notify the commission and the commission shall rescind the suspension **under this subsection.**

(4) Information collected under this section may be used by the Oregon Business Development Department to make aggregate figures and analyses of activity under the strategic investment program publicly available.

(5) Specific data concerning the financial performance of individual firms collected under this section is exempt from public disclosure under ORS chapter 192.

(6) After receiving the reports required under this section, the Oregon Business Development Department shall compile and organize the reported information for purposes of ORS 285C.635 and transmit it to the Oregon Department of Administrative Services. The Oregon Business Development Department shall transmit the information not later than April 15.

(7) The Oregon Business Development Department shall adopt rules the department considers necessary to administer ORS 285C.600 to 285C.639.

SECTION 3. ORS 285C.635 is amended to read:

285C.635. (1)(a) Upon receipt of information compiled under ORS 285C.615, the Oregon Department of Administrative Services shall determine the annual amount of personal income tax revenue attributable to **retained jobs and newly created jobs for** each eligible project for which an eligible business firm received a property tax exemption under ORS 307.123.

(b) The amount of personal income tax revenue attributable to each eligible project under this subsection may not include personal income tax revenue attributable to the estimated incremental income tax revenues generated by an eligible employer in connection with a tax reimbursement arrangement or loan agreement that has been entered into under the Oregon Industrial Site Readiness Program established by ORS 285B.627.

[(2)] (c) In determining the amount of personal income tax revenue attributable to each eligible project, the Oregon Department of Administrative Services may rely on reasonable techniques of estimation, if appropriate.

[(3)] (2) Not later than May 15 of each fiscal year, the Oregon Department of Administrative Services shall certify **to the Department of Revenue, the Legislative Revenue Officer and the Legislative Fiscal Officer** the amounts determined under subsection (1) of this section [*to the Department of Revenue, the Legislative Revenue Officer and the Legislative Fiscal Officer*] **and the amounts described in subsection (3) of this section to be distributed by the Department of Revenue.**

[(4)] (3)(a) Not sooner than July 10 and not later than July 15 of the [*following fiscal year, after receiving the certification under subsection (3) of this section,*] **fiscal year immediately following the fiscal year in which the certification under subsection (2) of this section is made,** the Department of Revenue shall [*transfer an amount equal to 50 percent of the cumulative amount for all eligible projects determined under subsection (1) of this section to the Shared Services Fund established in ORS 285C.639.*] **distribute to each county in which an eligible project is located an amount equal to the total of:**

(A) Twenty percent of the total annual amount of personal income tax revenue attributable to retained jobs for all eligible projects in the county as determined under subsection (1) of this section; and

(B) Fifty percent of the total annual amount of personal income tax revenue attributable to newly created jobs for all eligible projects in the county as determined under subsection (1) of this section.

(b) Notwithstanding paragraph (a) of this subsection, a county may not receive a distribution under this section in an amount greater than \$16 million for any year.

(c) The county shall distribute the amounts received under paragraphs (a) and (b) of this subsection to the taxing districts in the county in which an eligible project is located in a manner consistent with the distribution of the community services fee under ORS 285C.609 for the project.

[(5)] (4) The Department of Revenue shall retain unreceipted revenue from the tax imposed under ORS chapter 316 in an amount necessary to make the *[transfer]* **distributions** required under subsection [(4)] (3) of this section. The department shall make the *[transfer]* **distributions** out of the unreceipted revenue in lieu of paying the revenue over to the State Treasurer for deposit in the General Fund.

[(6)] (5) The Oregon Department of Administrative Services shall adopt rules necessary to administer this section.

SECTION 4. ORS 285C.639 is repealed.

SECTION 5. Section 6, chapter 905, Oregon Laws 2007, is amended to read:

Sec. 6. (1) *[Sections 2 and 3 of this 2007 Act]* **ORS 285C.615 and 285C.635** apply to:

(a) Tax years beginning on or after January 1, 2009, *and before January 1, 2019*.

[(2)] (b) *[Sections 2 and 3 of this 2007 Act apply only to]* Income taxes *[generated as the result of an eligible project that first becomes]* **attributable to eligible projects that first become** exempt from property taxation under ORS 307.123 on or after January 1, 2008, *and continue to apply only as long as the project remains exempt*].

(2) **Distributions under ORS 285C.635 (3) may not be made after July 15, 2024.**

SECTION 6. Notwithstanding the deadlines provided in ORS 285C.635, the following deadlines for the 2015 calendar year shall be adjusted as provided in this section:

(1) The Oregon Department of Administrative Services shall make the certifications required under ORS 285C.635 (2), as amended by section 3 of this 2015 Act, not later than August 1, 2015; and

(2) The Department of Revenue shall make the distributions required under ORS 285C.635 (3), as amended by section 3 of this 2015 Act, not sooner than October 1, 2015, and not later than October 5, 2015.

SECTION 7. Section 6 of this 2015 Act is repealed on January 2, 2016.

SECTION 8. This 2015 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect on its passage.

Passed by Senate July 2, 2015

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Lori L. Brocker, Secretary of Senate

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Peter Courtney, President of Senate

Passed by House July 3, 2015

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Tina Kotek, Speaker of House

Received by Governor:

.....M,....., 2015

Approved:

.....M,....., 2015

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Kate Brown, Governor

Filed in Office of Secretary of State:

.....M,....., 2015

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Jeanne P. Atkins, Secretary of State