

B-Engrossed
Senate Bill 129

Ordered by the Senate June 30
Including Senate Amendments dated April 3 and June 30

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

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.

Directs Department of Revenue to make shared services distributions out of unreceipted revenue. [*In county for which annual amount of personal income tax revenue attributable to eligible projects exceeds \$5 million, requires distribution of 60 percent of amount that would otherwise be distributed to county to State School Fund, Higher Education Coordinating Commission for expansion of certain Oregon State University programs and Department of Education Career and Technical Education Revitalization Grant Program.*] **Requires shared services distributions be made to each county in which eligible project is located in amount equal to 20 percent of total annual amount of personal income tax revenue attributable to retained jobs for all eligible projects in county and 50 percent of total annual amount of personal income tax revenue attributable to newly created jobs for all eligible projects in county. Caps distribution to any county at \$16 million for any year.**

[*Sunsets shared services distributions for eligible projects that first become exempt from property taxation under strategic investment program on or after January 1, 2029, but continues distributions for eligible projects already exempted on sunset date as long as projects remain exempt from property taxation under strategic investment program.*] **Provides shared services distributions may not be made after July 15, 2024.**

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to strategic investment; creating new provisions; amending ORS 285C.600, 285C.615 and
3 285C.635 and section 6, chapter 905, Oregon Laws 2007; repealing ORS 285C.639; and declaring
4 an emergency.

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

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

7 285C.600. As used in ORS 285C.600 to 285C.639:

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

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

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

12 (4) "**Newly created jobs**" means, for an eligible project, total jobs less retained jobs.

13 [(4)] (5) "Publicly funded job training provider" has the meaning given that term in ORS
14 285C.050.

15 [(5)] (6) "Rural area" means an area located entirely outside of the urban growth boundary of
16 a city with a population of 30,000 or more, as the urban growth boundary is acknowledged on De-
17 cember 1, 2002.

18 [(6)] (7) "Strategic investment zone" means a geographic area established under ORS 285C.623,
19 within which the property of eligible projects may be exempt from property taxation under ORS

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.

1 307.123.

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

3 285C.615. (1) On or before April 1 following each tax year that property is exempt under ORS
4 307.123, the business firm that owns or leases the exempt property shall submit a report to the
5 Oregon Business Development Department, in addition to any other reporting or filing requirement.

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

8 (a) The assessed value and location of taxable and exempt property constituting the eligible
9 project and the corresponding payment and savings of property taxes for the tax year, as ascer-
10 tained from the county assessor;

11 (b) The amount and disposition of fees and other amounts paid by the business firm pursuant to
12 the agreement with the county under ORS 285C.609 in the immediately preceding calendar year;

13 (c) The average number of persons hired or employed by the business firm in association with
14 the eligible project, determined by dividing the total number of hours for which such hired or em-
15 ployed persons were paid during the immediate prior calendar year by 2,080;

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

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

20 (f) Any other information required by the department.

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

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

27 (c) Upon receipt of a report required under this section or the information requested by the
28 department, the department shall notify the commission and the commission shall rescind the sus-
29 pension **under this subsection.**

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

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

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

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

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

42 285C.635. (1)(a) Upon receipt of information compiled under ORS 285C.615, the Oregon Depart-
43 ment of Administrative Services shall determine the annual amount of personal income tax revenue
44 attributable to **retained jobs and newly created jobs for** each eligible project for which an eligible
45 business firm received a property tax exemption under ORS 307.123.

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

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

9 [(3)] **(2)** Not later than May 15 of each fiscal year, the Oregon Department of Administrative
 10 Services shall certify **to the Department of Revenue, the Legislative Revenue Officer and the**
 11 **Legislative Fiscal Officer** the amounts determined under subsection (1) of this section [*to the De-*
 12 *partment of Revenue, the Legislative Revenue Officer and the Legislative Fiscal Officer*] **and the**
 13 **amounts described in subsection (3) of this section to be distributed by the Department of**
 14 **Revenue.**

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

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

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

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

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

34 [(5)] **(4)** The Department of Revenue shall retain unreceipted revenue from the tax imposed un-
 35 der ORS chapter 316 in an amount necessary to make the [*transfer*] **distributions** required under
 36 subsection [(4)] **(3)** of this section. The department shall make the [*transfer*] **distributions** out of the
 37 unreceipted revenue in lieu of paying the revenue over to the State Treasurer for deposit in the
 38 General Fund.

39 [(6)] **(5)** The Oregon Department of Administrative Services shall adopt rules necessary to ad-
 40 minister this section.

41 **SECTION 4. ORS 285C.639 is repealed.**

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

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

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

45 [(2)] **(b)** [*Sections 2 and 3 of this 2007 Act apply only to*] Income taxes [*generated as the result*

1 *of an eligible project that first becomes] attributable to eligible projects that first become* exempt
2 *from property taxation under ORS 307.123 on or after January 1, 2008[, and continue to apply only*
3 *as long as the project remains exempt].*

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

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

7 **(1) The Oregon Department of Administrative Services shall make the certifications re-**
8 **quired under ORS 285C.635 (2), as amended by section 3 of this 2015 Act, not later than Au-**
9 **gust 1, 2015; and**

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

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

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

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