

A-Engrossed
House Bill 2904

Ordered by the House July 1
Including House Amendments dated July 1

Sponsored by Representative SMITH G; Representatives HUFFMAN, RESCHKE, SMITH DB

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.

For purposes of rural enterprise zone program, provides alternative criterion for eligibility for certification of facility located in county outside all metropolitan statistical areas **in which total property taxes imposed by all taxing districts equal at least 1.3 percent of total assessed value of all taxable property in county.**

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to rural enterprise zones; amending ORS 285C.400 and 285C.403; and prescribing an effective date.

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

5 **SECTION 1.** ORS 285C.400 is amended to read:

6 285C.400. As used in ORS 285C.400 to 285C.420:

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

8 (2) "Certified business firm" means a business firm that has been certified under ORS 285C.403.

9 (3) "County with chronically low income or chronic unemployment" means, based on the most recently revised annual average unemployment rate or annual per capita income levels available, a county in which:

10 (a) The median ratio of the per capita personal income of the county to the equivalent annual personal income figure of the entire United States for each year, as reported by the Bureau of Economic Analysis of the United States Department of Commerce, is equal to or less than 0.75 over the last 10 years;

11 (b) The median ratio of the unemployment rate of the county to the equivalent rate of the entire United States for each year is at least 1.3 over the last 20 years or over the last 10 years; or

12 (c) The population of the county has experienced a negative net migration, irrespective of natural population change, since the most recent federal decennial census occurring three or more years prior to the current estimated population figure for the county, based on available population statistics.

13 (4) "Facility" means the land, real property improvements and personal property that are used:

14 (a) At a location in a rural enterprise zone that is identified in the application for certification under ORS 285C.403; and

15 (b) In those business operations of the business firm that are the subject of the application for certification under ORS 285C.403.

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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 **(5) “Qualified rural county” means a county:**

2 **(a) That is outside all metropolitan statistical areas, as defined by the most recent fed-**
3 **eral decennial census; and**

4 **(b) In which, on the most recently certified property tax assessment roll, the total**
5 **property taxes imposed by all taxing districts within the county are equal to or greater than**
6 **1.3 percent of the total assessed value of all taxable property located in the county.**

7 [(5)] **(6) “Rural enterprise zone” has the meaning given that term in ORS 285C.050.**

8 **SECTION 2.** ORS 285C.403 is amended to read:

9 285C.403. (1) Any business firm proposing to apply for the tax exemption provided under ORS
10 285C.409 shall, before the commencement of construction or installation of property or improvements
11 at a location in a rural enterprise zone and before the hiring of employees, apply for certification
12 with the sponsor of the zone and with the county assessor of the county or counties in which the
13 zone is located. The application shall be made on a form prescribed by the Department of Revenue.

14 (2) The application shall contain the following information:

15 (a) A description of the firm’s proposed business operations and facility in the rural enterprise
16 zone;

17 (b) A description and estimated cost or value of the property or improvements to be constructed
18 or installed at the facility;

19 (c) An estimate of the number of employees at the facility that will be hired by the firm;

20 (d) A commitment to meet the applicable requirements of ORS 285C.412;

21 (e) A commitment to satisfy all additional conditions agreed to pursuant to the written agree-
22 ment between the rural enterprise zone sponsor and the business firm under subsection (3)(c) of this
23 section; and

24 (f) Any other information considered necessary by the Department of Revenue.

25 (3) The sponsor and the county assessor shall certify the business firm by approving the appli-
26 cation if the sponsor and the county assessor determine that all of the following requirements have
27 been met:

28 (a) The governing body of the county and city in which the facility is located has adopted a
29 resolution approving the property tax exemption for the facility.

30 (b) The business firm has committed to meet the applicable requirements of ORS 285C.412.

31 (c) The business firm has entered into a written agreement with the sponsor of the rural enter-
32 prise zone that may include any additional requirements that the sponsor may reasonably request,
33 including but not limited to contributions for local services or infrastructure benefiting the facility.
34 The written agreement shall state the number of consecutive tax years for which the facility, fol-
35 lowing commencement of operations, is to be exempt from property tax under ORS 285C.409. The
36 agreement may not provide for a period of exemption that is less than seven consecutive tax years
37 or more than 15 consecutive tax years. If the agreement is silent on the number of tax years for
38 which the facility is to be exempt following placement in service, the exemption shall be for seven
39 consecutive tax years.

40 (d) **When the written agreement required under paragraph (c) of this subsection is exe-**
41 **cuted,** the facility is located in:

42 **(A) A qualified rural county; or**

43 **(B) A county** with chronically low income or chronic unemployment, based on the most recently
44 revised annual data available [*when the written agreement with the zone sponsor is executed*].

45 (4) The approval of an application by both the sponsor and the county assessor under subsection

1 (3) of this section shall be prima facie evidence that the business firm will qualify for the property
2 tax exemption under ORS 285C.409.

3 (5) The sponsor and the county assessor shall provide copies of an approved application to the
4 applicant, the Department of Revenue and the Oregon Business Development Department.

5 (6) If the sponsor or the county assessor fails or refuses to certify the business firm, the business
6 firm may appeal to the Oregon Tax Court under ORS 305.404 to 305.560. The business firm shall
7 provide copies of the firm's appeal to the sponsor, the county assessor, the Oregon Business Devel-
8 opment Department and the Department of Revenue.

9 **SECTION 3. This 2017 Act takes effect on the 91st day after the date on which the 2017**
10 **regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**

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