

House Bill 2643

Sponsored by Representative G SMITH

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**.

Creates Tax Relief Commission in Economic and Community Development Department to review and approve property tax relief and grants to commercial and industrial projects that create jobs in areas of high unemployment. Allocates lottery moneys to department for property tax relief and grants to approved projects for up to five years.

Establishes Tax Relief Fund. Continuously appropriates moneys in fund to department for Tax Relief Commission.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to Tax Relief Commission in Economic and Community Development Department; appro-
3 priating money; and prescribing an effective date.

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

5 **SECTION 1. (1) There is established in the Economic and Community Development De-**
6 **partment a Tax Relief Commission consisting of five members appointed as follows:**

7 (a) **One member shall be appointed by the chairperson of the Joint Legislative Committee**
8 **on Ways and Means;**

9 (b) **One member shall be appointed by the President of the Senate;**

10 (c) **One member shall be appointed by the Speaker of the House of Representatives;**

11 (d) **One member shall be appointed by the Governor; and**

12 (e) **One member shall be appointed by the chairperson of the Oregon Economic and**
13 **Community Development Commission.**

14 (2) **The term of office of each member is four years, but a member serves at the pleasure**
15 **of the appointing authority. Before the expiration of the term of a member, the appointing**
16 **authority shall appoint a successor whose term begins on July 1 next following. A member**
17 **is eligible for reappointment.**

18 (3) **If there is a vacancy for any cause, the appointing authority shall make an appoint-**
19 **ment to become immediately effective for the remainder of the unexpired term.**

20 (4) **The appointment of a member of the commission by the Governor is subject to con-**
21 **firmation by the Senate pursuant to section 4, Article III of the Oregon Constitution.**

22 **SECTION 2. Notwithstanding the term of office specified by section 1 of this 2007 Act,**
23 **of the members first appointed to the Tax Relief Commission:**

24 (1) **Two shall serve for terms ending June 30, 2009.**

25 (2) **One shall serve for a term ending June 30, 2010.**

26 (3) **Two shall serve for terms ending June 30, 2011.**

27 **SECTION 3. (1) The Tax Relief Commission shall select one of its members as chair-**
28 **person to serve for a one-year term, with duties and powers necessary for the performance**

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 of the functions of the chairperson as the commission determines. When the term of the
 2 chairperson expires, the commission shall select another member as chairperson. The com-
 3 mission may not select a member to serve successive terms as chairperson.

4 (2) A majority of the members of the commission constitutes a quorum for the trans-
 5 action of business.

6 (3) Decisions of the commission on the use of moneys in the Tax Relief Fund established
 7 in section 10 of this 2007 Act shall be made by a vote of the majority of the commission. The
 8 chairperson shall vote only to break a tie vote.

9 (4) A member of the commission is entitled to compensation and expenses as provided in
 10 ORS 292.495.

11 **SECTION 4.** The Tax Relief Commission shall adopt rules as provided in ORS 183.310 to
 12 183.550 to establish procedures and guidelines for approval of tax relief and other grants for
 13 projects under sections 1 to 13 of this 2007 Act.

14 **SECTION 5.** (1) Any county governing body, the Oregon Economic and Community De-
 15 velopment Commission, the Joint Ways and Means Subcommittee on Transportation and
 16 Economic Development, any appropriate legislative committee or any person who proposes
 17 a project that meets the criteria of section 6 of this 2007 Act may file with the Tax Relief
 18 Commission an application for property tax relief as provided in section 7 of this 2007 Act.
 19 The application shall be filed in a manner required by the commission and contain or be ac-
 20 companied by information as required by the commission.

21 (2) Upon receipt of an application filed as required by the commission, the commission
 22 shall review a project to determine if it qualifies for property tax exemption under section 6
 23 of this 2007 Act.

24 **SECTION 6.** (1) The Tax Relief Commission may approve a property tax exemption for a
 25 project if:

26 (a) The primary purpose of the project is to conduct manufacturing, raw material pro-
 27 cessing, remanufacturing or wholesale or retail sales operations; and

28 (b) The project is located in an area:

29 (A) With an unemployment rate, in the six months before the date of the application,
 30 that is greater than the average unemployment rate for the state as a whole; or

31 (B) With an unemployment rate, in the six months before the date of the application, for
 32 any classification of workers that is greater than the average unemployment rate for that
 33 classification of workers in the state as a whole, if the project will provide employment for
 34 that classification of workers.

35 (2) The commission shall give priority to industrial or commercial projects providing
 36 wages for each job classification that are in the median 50th percentile range as determined
 37 by reference to the current edition of Oregon Wage Information published by the Employ-
 38 ment Department or the federal equivalent published by the Bureau of Labor Statistics in
 39 the United States Department of Labor. If a job classification is not listed, an equivalent
 40 classification shall be used.

41 (3) The commission may approve tax relief and other grants for projects not described
 42 in subsection (1)(a) of this section if the commission determines that the project meets the
 43 intent and purposes of sections 1 to 13 of this 2007 Act.

44 **SECTION 7.** (1) If a project meets the criteria in section 6 of this 2007 Act, the Tax Relief
 45 Commission may agree to pay all or a part of the ad valorem property taxes assessed against

1 the property acquired or used for the project for up to five years after the date the minimum
 2 number of employees, as determined by the commission, are employed for the project.

3 (2) If during the time the commission is paying property taxes for a project the wages
 4 or number of employees are reduced below the minimums specified by the commission, the
 5 amount of property taxes paid by the commission shall be reduced to 50 percent of the
 6 amount the commission originally agreed to pay. If the project is discontinued during the
 7 time the commission is paying property taxes for a project, the commission shall pay the
 8 amount of taxes agreed upon for the fiscal year in which the project is discontinued, but
 9 shall pay no taxes for any subsequent fiscal years.

10 (3) If the commission agrees to pay all or a part of the ad valorem property taxes for a
 11 project, the commission may also provide grants for the upgrading of utilities such as sewer
 12 and water, roads and other means of transportation, fire protection and other necessary
 13 services.

14 **SECTION 8.** The Land Conservation and Development Commission shall assist the Tax
 15 Relief Commission and the Economic and Community Development Department in the review
 16 and approval of projects under sections 1 to 13 of this 2007 Act and in the implementation
 17 of tax relief and grants to ensure that all projects comply with applicable comprehensive plan
 18 and land use regulations. The Land Conservation and Development Commission shall assist
 19 a local governing body in making any changes in its comprehensive plan and land use regu-
 20 lations so that projects may be located within the city or county in compliance with the
 21 comprehensive plan and land use regulations.

22 **SECTION 9.** (1) Upon approval of property tax relief under section 7 of this 2007 Act, and
 23 before October 1 of each applicable year, the Tax Relief Commission shall cause notice of
 24 approval to be sent to the tax collector of the county in which the project will be or is lo-
 25 cated. The notice shall state that the commission has agreed to pay all or a part of the
 26 property taxes for the project and shall request that the tax collector send to the commis-
 27 sion two copies of the tax statement required to be delivered or mailed under ORS 311.250.
 28 Compliance with this request by the tax collector relieves the tax collector's responsibility
 29 to deliver or mail the statements to any other person.

30 (2) Upon receipt of a tax statement, the commission shall send to the owner of the
 31 property acquired or used for the project one copy of each tax statement, including any
 32 separate enclosures required by law, on or before November 1 of that calendar year.

33 **SECTION 10.** (1) The Tax Relief Fund is established in the State Treasury, separate and
 34 distinct from the General Fund. Interest earned on the Tax Relief Fund shall be credited to
 35 the Tax Relief Fund.

36 (2) The Tax Relief Fund shall be administered by the Economic and Community Devel-
 37 opment Department with the advice and assistance of the Department of Revenue according
 38 to the policies and procedures adopted pursuant to sections 1 to 13 of this 2007 Act.

39 (3) All moneys in the Tax Relief Fund are continuously appropriated to the Economic and
 40 Community Development Department and shall be used for:

41 (a) The expenses of the Tax Relief Commission and the department incurred in adminis-
 42 tering the fund, processing applications and reviewing projects, in an amount not to exceed
 43 two percent of the moneys allocated to the Tax Relief Fund for the fiscal year in which the
 44 expense is incurred;

45 (b) Payment of property taxes as provided in section 7 of this 2007 Act; and

1 (c) Grants for the upgrading of utilities such as sewage and water, roads and other
 2 means of transportation, fire protection and other necessary services, facilities or
 3 infrastructure required for the project to meet applicable environmental, safety or land
 4 zoning requirements.

5 (4) The total amount of grants for projects receiving property tax relief under section 7
 6 of this 2007 Act, when combined with the amount of expenses under subsection (3)(a) of this
 7 section, may not exceed 20 percent of the moneys allocated to the Tax Relief Fund for the
 8 fiscal year in which those grants are made.

9 **SECTION 11.** Upon approval of tax relief or other grant, the Tax Relief Commission shall
 10 inform the State Treasurer that moneys in a certain amount have been designated for that
 11 project. Moneys designated for a particular project may be expended only as specified in the
 12 agreement made with the commission. Not more than 90 percent of the moneys in the Tax
 13 Relief Fund may be designated for projects at any time. Moneys designated for a project that
 14 are not spent as originally specified shall be made available for designation for other projects
 15 under sections 1 to 13 of this 2007 Act.

16 **SECTION 12.** (1) The Tax Relief Commission shall submit an annual written report to the
 17 legislative committee responsible for trade and economic development or, if the legislature
 18 is not in regular session, to the appropriate interim legislative committee. The report shall
 19 describe the projects approved and moneys designated and spent during that year.

20 (2) The report shall include, but need not be limited to, the following information:

21 (a) An analysis of the number of jobs by job classification that have been created;

22 (b) The total number of individuals directly employed by each project, including but not
 23 limited to individuals employed as:

24 (A) Managerial and supervisory staff;

25 (B) Administrative workers;

26 (C) Temporary workers; and

27 (D) Consultants; and

28 (c) The number of employees in each classification of workers as that classification is
 29 defined by the current edition of Oregon Wage Information published by the Employment
 30 Department, or an equivalent federal publication.

31 **SECTION 13.** (1) There is allocated for the biennium beginning July 1, 2007, from the
 32 Administrative Services Economic Development Fund, to the Economic and Community De-
 33 velopment Department, the amount of \$_____ for the purpose of enhancing economic de-
 34 velopment by providing property tax relief and grants to commercial and industrial projects
 35 that create jobs in areas of high unemployment in this state. Funds allocated under this
 36 section shall be deposited in the Tax Relief Fund established by section 10 of this 2007 Act.

37 (2) The allocation of moneys from the Administrative Services Economic Development
 38 Fund under this section is subject to the requirements of section 4, Article XV of the Oregon
 39 Constitution, for deposit of specified amounts of the net proceeds from the Oregon State
 40 Lottery into the Education Stability Fund and into the Parks and Natural Resources Fund
 41 and shall be made only after satisfaction or payment of:

42 (a) Amounts allocated to Westside lottery bonds issued under ORS 391.140 or to the re-
 43 serves or any refunding related to the Westside lottery bonds in accordance with the priority
 44 for allocation and disbursement established by ORS 391.130;

45 (b) All liens, pledges or other obligations relating to lottery bonds or refunding lottery

1 **bonds that are due or payable during the biennium for which an allocation is to be made; and**
2 **(c) Amounts required by any other pledges of, or liens on, net proceeds from the Oregon**
3 **State Lottery.**

4 **SECTION 14. This 2007 Act takes effect on the 91st day after the date on which the**
5 **regular session of the Seventy-fourth Legislative Assembly adjourns sine die.**

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