

House Bill 2844

Sponsored by Representative COWAN; Representatives BEYER, BUTLER, GIROD, KRIEGER, KRUMMEL, LIM, ROSENBAUM, SCHAUFLE, TOMEL, WITT, Senators BROWN, DEVLIN, G GEORGE, PROZANSKI, VERGER (at the request of Lincoln County Board of Commissioners)

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**.

Permits coastal counties to apply for designation of wave energy enterprise zones for development of wave energy facilities. Provides for temporary property tax exemption of certain property used in designated zone to harness wave energy.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to wave energy enterprise zones; and prescribing an effective date.

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

4 **SECTION 1. Sections 2 to 8 of this 2007 Act are added to and made a part of ORS chapter**
5 **285C.**

6 **SECTION 2. As used in sections 2 to 8 of this 2007 Act:**

7 (1) **"Applicant" means a coastal county applying for designation of part or all of the ter-**
8 **ritorial sea and adjacent land within the county as a wave energy enterprise zone.**

9 (2) **"Coastal county" means an Oregon county bordering the Pacific Ocean.**

10 (3) **"Territorial sea" has the meaning given that term in ORS 196.405.**

11 (4) **"Wave energy" means electricity that is generated by harnessing ocean wave energy.**

12 **SECTION 3. (1) A coastal county may apply to the Director of the Economic and Com-**
13 **munity Development Department for designation of all or part of the territorial sea and ad-**
14 **jacent land within that county as a wave energy enterprise zone.**

15 (2) **An application for designation of a wave energy enterprise zone shall be in such form**
16 **and shall contain such information as the Economic and Community Development Depart-**
17 **ment prescribes by rule. The application shall include a copy of the resolution of the gov-**
18 **erning body of the county that constitutes the applicant that states that the county seeks**
19 **wave energy enterprise zone designation.**

20 (3) **The director shall approve designation of the proposed area of the applicant as a wave**
21 **energy enterprise zone if:**

22 (a) **The applicant is a coastal county;**

23 (b) **The proposed area would qualify for enterprise zone designation, without regard to**
24 **any applicable numerical limitation on enterprise zones or to ORS 285C.090; and**

25 (c) **The wave energy enterprise zone is consistent with the Territorial Sea Plan and the**
26 **Oregon Ocean Resources Management Plan as provided in ORS 196.485.**

27 (4)(a) **The designation of an area of territorial sea and adjacent land as a wave energy**
28 **enterprise zone authorizes the exemption of up to an amount, determined as prescribed in**
29 **paragraph (d) of this subsection, in real market value of property described in section 5 of**

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 this 2007 Act that meets the requirements for exemption under section 6 of this 2007 Act.

2 (b) An applicant may seek subsequent additional designations under this section. An ap-
 3 plication for additional designation shall be made in the same manner as an application for
 4 initial designation, and shall be approved by the director if the application for additional
 5 designation meets the qualifications for designation under subsection (3) of this section.

6 (c) Each additional designation approved under this section authorizes the exemption of
 7 a new amount, determined as prescribed in paragraph (d) of this subsection, in real market
 8 value of property described in section 5 of this 2007 Act that meets the requirements for
 9 exemption under section 6 of this 2007 Act.

10 (d) Each amount authorized for exemption under this section shall be determined as fol-
 11 lows:

12 (A) The amount shall be set forth in the resolution described in subsection (2) of this
 13 section or, if no amount is specified in the resolution described in subsection (2) of this sec-
 14 tion, the amount shall be \$100 million.

15 (B) The amount may not exceed \$100 million for any single designation under this section.

16 (C) The amount applies only to exemptions first claimed for a tax year that begins after
 17 January 1 following the date of adoption of the resolution described in subsection (2) of this
 18 section.

19 **SECTION 4.** (1) Following designation of a wave energy enterprise zone, an eligible busi-
 20 ness firm seeking an exemption under section 6 of this 2007 Act may apply for authorization
 21 under ORS 285C.140.

22 (2) The firm shall include a written description of the locations, extent and expected real
 23 market value of the proposed wave energy project.

24 (3) The firm shall be authorized to claim an exemption if the firm would otherwise be
 25 authorized under ORS 285C.140, but the authorization is limited to investments in the wave
 26 energy project described in the application submitted by the firm.

27 **SECTION 5.** Property shall qualify for an exemption under section 6 of this 2007 Act if
 28 the property meets all of the following requirements:

29 (1) The property constitutes all or a part of a facility used to generate wave energy or
 30 is used to support or maintain a wave energy facility;

31 (2) The property is newly constructed or installed in the wave energy enterprise zone;
 32 and

33 (3) The property meets all other requirements for qualification under ORS 285C.180.

34 **SECTION 6.** (1) Property of an authorized business firm is exempt from ad valorem
 35 property taxation if:

36 (a) The property is a qualified property under section 5 of this 2007 Act;

37 (b) The firm meets the requirements for qualification under ORS 285C.200; and

38 (c) The firm has entered into a first-source hiring agreement under ORS 285C.215.

39 (2)(a) Property described in subsection (1) of this section is exempt from ad valorem
 40 property taxation only to the extent the real market value of the property, when added to
 41 the real market value of all other property in the wave energy enterprise zone that has re-
 42 ceived an exemption under this section, is less than the exemption authorization level es-
 43 tablished for the zone under section 3 (4) of this 2007 Act.

44 (b) For purposes of this subsection, real market value shall be determined as of the as-
 45 sessment date for the first year that the property is exempt under this section.

1 **(3) The exemption allowed under this section applies to the first tax year for which, as**
2 **of January 1 preceding the tax year, the qualified property is in service. The exemption shall**
3 **continue for the next two succeeding tax years if the property continues to be owned or**
4 **leased by the business firm, operated to generate wave energy or to support or maintain**
5 **wave energy facilities, and located in the wave energy enterprise zone.**

6 **(4) The property may be exempt from property taxation under this section for up to two**
7 **additional tax years consecutively following the tax years described in subsection (3) of this**
8 **section if authorized by a written agreement entered into by the firm and the sponsor under**
9 **ORS 285C.160.**

10 **SECTION 7. Except where inconsistent with the provisions of sections 2 to 8 of this 2007**
11 **Act, the provisions of ORS 285C.050 to 285C.250 apply to wave energy enterprise zones as if**
12 **wave energy enterprise zones were enterprise zones, and apply to the exemption or disqual-**
13 **ification from exemption of property located in wave energy enterprise zones.**

14 **SECTION 8. The Economic and Community Development Department may adopt rules for**
15 **implementing and administering sections 2 to 8 of this 2007 Act, including rules that define**
16 **terms.**

17 **SECTION 9. This 2007 Act takes effect on the 91st day after the date on which the reg-**
18 **ular session of the Seventy-fourth Legislative Assembly adjourns sine die.**

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