

**A-Engrossed**  
**Senate Bill 518**

Ordered by the Senate June 4  
Including Senate Amendments dated June 4

Sponsored by Senator WALKER

**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 Economic and Community Development Department to file annual Unified Economic Development Report detailing economic development assistance. Requires businesses receiving state economic development assistance to report annually on progress meeting economic development objectives. Provides that state may recapture economic assistance upon failure of recipient to satisfy economic development objectives. Permits state to release information regarding financial incentives provided to businesses for purposes of economic development.]*

*[Declares emergency, effective on passage.]*

**Requires Governor biennially to prepare economic and community development incentive report. Requires Economic and Community Development Department to advise and assist Governor in preparation of report. Specifies contents of report. Imposes certain duties on Department of Revenue and Oregon Department of Administrative Services regarding preparation and review of report.**

**Requires Economic and Community Development Commission to report biennially to Governor and Legislative Assembly on success of economic development efforts.**

**A BILL FOR AN ACT**

1  
2 Relating to economic development; creating new provisions; and amending ORS 176.110, 285A.050,  
3 285A.206, 291.202, 291.210, 291.218, 291.220 and 291.222.

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

5 **SECTION 1.** ORS 291.202 is amended to read:

6 291.202. (1) Except as otherwise provided in ORS 291.222, the Governor shall prepare in each  
7 even-numbered year for the biennium beginning July 1 of the following year:

8 (a) A budget report; *[and]*

9 (b) A tax expenditure report~~].~~; **and**

10 (c) **An economic and community development incentive report.**

11 (2) The Oregon Department of Administrative Services shall advise and assist the Governor in  
12 the preparation of the budget report *[and]*, tax expenditure report **and economic and community**  
13 **development incentive report** and shall perform such duties in connection therewith as the Gov-  
14 ernor requires.

15 (3) The Department of Revenue shall advise and assist the Governor in the preparation of the  
16 tax expenditure report **and, if requested by the Governor, shall advise and assist the Governor**  
17 **in the preparation of the economic and community development incentive report.**

18 (4) **The Economic and Community Development Department shall:**

19 (a) **Advise and assist the Governor in the preparation of the economic and community**  
20 **development incentive report;**

21 (b) **Compile performance data, as defined in section 3 of this 2007 Act, for inclusion in the**

**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 economic and community development incentive report; and

2 (c) Release performance data to the Governor upon request of the Governor, unless the  
3 information requested is protected by a nondisclosure agreement under ORS 192.502 (4).

4 **SECTION 2.** Section 3 of this 2007 Act is added to and made a part of ORS chapter 291.

5 **SECTION 3.** (1) Not later than November 10 of each even-numbered year, the Governor  
6 shall cause the economic and community development incentive report to be compiled and  
7 prepared for printing.

8 (2) In the economic and community development incentive report the Governor shall:

9 (a) List economic and community development incentive programs and funds, including:

10 (A) Enterprise zones under ORS 285C.050 to 285C.250;

11 (B) Enterprise zone property tax exemptions extended under ORS 285C.160;

12 (C) Long term rural enterprise zone tax incentives under ORS 285C.400 to 285C.420;

13 (D) Electronic commerce enterprise zones under ORS 285C.095;

14 (E) Income and corporate excise tax exemptions under ORS 316.778 or 317.391;

15 (F) Strategic investment program under ORS 285C.600 to 285C.626;

16 (G) Strategic Reserve Fund under ORS 285B.266;

17 (H) Special Public Works Fund under ORS 285B.455;

18 (I) Oregon Port Revolving Fund under ORS 285A.708;

19 (J) Oregon Business Development Fund under ORS 285B.092;

20 (K) Industrial development revenue bonds issued under ORS 285B.320;

21 (L) Rural Investment Fund under ORS 285B.254;

22 (M) Regional Investment Fund under ORS 285B.260;

23 (N) Construction-in-process enterprise zone exemptions under ORS 285C.170;

24 (O) Rural renewable energy development zone tax exemptions under ORS 285C.362;

25 (P) Film production development contributions under ORS 315.514;

26 (Q) Street or road improvements to influence the location, relocation or retention of a  
27 business or facility in this state that meet the criteria of ORS 366.507 (4)(e); and

28 (R) Any other economic and community development incentive programs or funds that  
29 the Governor determines are significant;

30 (b) Identify the statutory authority for each listed program or fund;

31 (c) Describe the purpose of each listed program or fund;

32 (d) Summarize all loans and grants awarded in the current biennium by each listed pro-  
33 gram or fund;

34 (e) Estimate the amount of state funds that are budgeted for each program or fund in  
35 the current biennium or, if the program is a tax exemption or other tax incentive, the re-  
36 venue impact of each program for the current biennium;

37 (f) List the actual amount of state funds that are budgeted for each program or fund or,  
38 if the program is a tax exemption or other tax incentive, the revenue impact of each program  
39 in the preceding biennium, or an estimate if the actual amount cannot be determined;

40 (g) List performance data for each program or fund;

41 (h) Determine whether each program or fund is the most fiscally effective means of  
42 achieving the purpose of the program or fund; and

43 (i) Determine whether each program or fund has successfully achieved the purpose for  
44 which the program or fund was enacted and currently serves.

45 (3) As used in this section:

1 (a) "Loan and grant awarded in the current biennium" means a first-time loan or grant  
2 made pursuant to an economic and community development incentive program or fund dur-  
3 ing the current biennium.

4 (b) "Performance data" means the following information for each project or facility par-  
5 ticipating in or receiving support through an incentive program or fund, unless otherwise  
6 exempt from disclosure under ORS 192.501 or 192.502:

7 (A) Industry type of the participant, using the North American Industry Classification  
8 System adopted by the United States Office of Management and Budget, as amended and in  
9 effect on January 1, 2008.

10 (B) Employment information for the participating facility or project site as follows:

11 (i) The total number of employees.

12 (ii) The number of full-time employees. A full-time employee is an employee who works  
13 at least 35 hours per week for an indefinite period of time for the participant at the facility  
14 or project site.

15 (iii) The number of part-time employees. A part-time employee is an employee who works  
16 fewer than 35 hours per week for the participant at the facility or project site.

17 (iv) The number of employees employed in jobs created by the participant as a result of  
18 participation in or support from the economic and community development incentive pro-  
19 gram or fund.

20 (v) The number of employees employed in retained jobs. A retained job is a job that, prior  
21 to participation in the economic and community development incentive program or prior to  
22 receiving support through the economic and community development incentive fund, is  
23 jeopardized by a specific and articulable threat, but that is preserved due to participation in  
24 or support received from the economic and community development incentive program or  
25 fund.

26 (vi) The number of employees employed in temporary positions. A temporary position is  
27 a position in which an employee is hired by the participant for a specific period of time or  
28 for a season.

29 (vii) The estimated number of jobs created by the participant that the participant antic-  
30 ipates may be filled by Oregon workers.

31 (viii) The estimated number of construction jobs created by the participant.

32 (C) The estimated average annual wage and the estimated average hourly wage for the  
33 positions listed in subparagraph (B) of this paragraph compared to the median income in the  
34 area.

35 (D) Whether the participant provides health care benefits to employees, the type of  
36 health care benefits provided and the number of employees with health care benefits provided  
37 by the participant.

38 (E) The amount of leveraged private investment in the project or facility.

39 (F) The estimated personal income tax revenue of jobs created by the participant.

40 (G) The estimated increase in area property tax base due to the project or facility, if  
41 known.

42 (H) Whether the project or facility attracted other businesses or industries to the area  
43 and, if available, the number of jobs created in the area by the other businesses or indus-  
44 tries.

45 (I) Any other information necessary to show the performance of the program or fund.

1        **SECTION 4.** ORS 291.210 is amended to read:

2        291.210. (1) The Oregon Department of Administrative Services, in connection with its direct  
3 studies of the operations, plans and needs of state agencies and of the existing and prospective  
4 sources of income, shall prepare a tentative budget plan [*and*], tentative tax expenditure report **and**  
5 **tentative economic and community development incentive report** for the two fiscal years for  
6 which a budget report [*and*], a tax expenditure report **and an economic and community devel-**  
7 **opment incentive report** are required to be prepared.

8        (2) The Department of Revenue shall advise and assist **the Oregon Department of Adminis-**  
9 **trative Services** in the preparation of the tentative tax expenditure report **and, if requested by**  
10 **the Oregon Department of Administrative Services or the Economic and Community Devel-**  
11 **opment Department, shall advise and assist in the preparation of the tentative economic and**  
12 **community development incentive report.**

13        (3) **The Economic and Community Development Department shall:**

14        (a) **Advise and assist the Oregon Department of Administrative Services in the prepara-**  
15 **tion of the tentative economic and community development incentive report;**

16        (b) **Compile performance data, as defined in section 3 of this 2007 Act, for inclusion in the**  
17 **economic and community development incentive report; and**

18        (c) **Release performance data to the Oregon Department of Administrative Services upon**  
19 **request of the Oregon Department of Administrative Services, unless the information re-**  
20 **quested is protected by a nondisclosure agreement under ORS 192.502 (4).**

21        **SECTION 5.** ORS 291.218 is amended to read:

22        291.218. Except when the Governor under whose supervision the budget report [*and*], the tax  
23 expenditure report **and the economic and community development incentive report** have been  
24 prepared will be succeeded in office in January next following:

25        (1) The Oregon Department of Administrative Services shall have as many copies of the ap-  
26 proved budget report [*and*], the tax expenditure report **and the economic and community devel-**  
27 **opment incentive report** printed as the Governor directs.

28        (2) Not later than December 1 of each even-numbered year, the Governor shall transmit a copy  
29 of each report to each member of the legislature who is to serve during the next session.

30        (3) Upon request, the Governor shall distribute copies free of charge, under such regulations as  
31 the Governor may establish, to public libraries, schools and state officials. The Governor shall make  
32 copies available to the general public at a reasonable charge for each copy.

33        **SECTION 6.** ORS 291.220 is amended to read:

34        291.220. The Governor, upon request, shall furnish the Legislative Assembly any further infor-  
35 mation required concerning the budget report [*and*], the tax expenditure report **and the economic**  
36 **and community development incentive report.** The Oregon Department of Administrative Ser-  
37 vices, upon request, shall furnish a representative to assist the Legislative Assembly, its Joint  
38 Committee on Ways and Means, appointed under ORS 171.555, and the Legislative Revenue Officer  
39 in the consideration of the budget report, the tax expenditure report, **the economic and commu-**  
40 **nity development incentive report** and any accompanying measures.

41        **SECTION 7.** ORS 291.222 is amended to read:

42        291.222. If the Governor under whose supervision the budget report [*and*], tax expenditure report  
43 **and economic and community development incentive report** have been prepared will be suc-  
44 ceeded in office in January next following:

45        (1) The Oregon Department of Administrative Services shall make available to the Governor-

1 elect so much as the Governor-elect requests of the information upon which the tentative budget  
 2 report *[and]*, tentative tax expenditure report **and tentative economic and community develop-**  
 3 **ment incentive report** are based, and upon completion of each report shall supply the Governor-  
 4 elect with a copy of each report but shall not cause the tentative budget report *[or]*, tentative tax  
 5 expenditure report **or tentative economic and community development incentive report** to be  
 6 printed and distributed. The department shall also make available to the Governor-elect all facilities  
 7 of the department reasonably necessary to permit the Governor-elect to review and become familiar  
 8 with the tentative budget report *[or]*, tentative tax expenditure report **or tentative economic and**  
 9 **community development incentive report.**

10 (2) After a review of the tentative budget report *[or]*, tentative tax expenditure report **or ten-**  
 11 **tative economic and community development incentive report** the Governor-elect may prepare  
 12 revisions and additions thereto. The Oregon Department of Administrative Services and the De-  
 13 partment of Revenue shall assist, upon request, in the preparation of such revisions or additions.

14 (3) The Oregon Department of Administrative Services shall have printed as many copies of the  
 15 revised budget report *[and]*, revised tax expenditure report **and revised economic and community**  
 16 **development incentive report** as the Governor-elect requests.

17 (4)(a) Not later than the convening of the next Legislative Assembly, the Oregon Department  
 18 of Administrative Services shall transmit **to each member of the Legislative Assembly** a copy  
 19 of:

20 (A) A summary of the revised budget report containing the revenue and expenditure recom-  
 21 mendations of the Governor-elect *[and]*;

22 (B) A summary of the revised tax expenditure report estimating the amount of revenue loss  
 23 caused by each tax expenditure; **and**

24 (C) **A summary of the revised economic and community development incentive report**  
 25 **estimating the amount of economic assistance provided by the state through economic de-**  
 26 **velopment programs and the impact of the assistance on the state economy.**

27 (b) Not later than February 1, the Oregon Department of Administrative Services shall transmit  
 28 a copy of the revised budget report *[and]*, revised tax expenditure report **and revised economic**  
 29 **and community development incentive report** to each member of the Legislative Assembly.

30 (5) Upon request, the department shall distribute copies of the revised budget report *[and]*, re-  
 31 vised tax expenditure report **and revised economic and community development incentive re-**  
 32 **port** free of charge, under such regulations as it may establish, to public libraries, schools and state  
 33 officials. *[It]* **The department** shall make copies of the revised budget report *[and]*, revised tax ex-  
 34 penditure report **and revised economic and community development incentive report** available  
 35 to the general public at a reasonable charge for each copy.

36 **SECTION 8.** ORS 176.110 is amended to read:

37 176.110. (1) The person elected to the office of Governor may take any action prior to the date  
 38 the official term of office commences that is necessary to enable the Governor to exercise on such  
 39 date the powers and duties of the office of Governor.

40 (2) The Governor-elect shall cause the budget report *[and]*, the tax expenditure report **and the**  
 41 **economic and community development incentive report** for the biennium beginning July 1 of the  
 42 year in which the Governor takes office to be compiled and prepared for printing as required in ORS  
 43 291.222.

44 (3) All necessary expenses of the Governor-elect incurred in carrying out the provisions of this  
 45 section shall be audited by the Secretary of State and paid from any funds appropriated for this

1 purpose in the same manner as other claims against the state are paid.

2 **SECTION 9.** ORS 285A.050 is amended to read:

3 285A.050. (1) The Oregon Economic and Community Development Commission shall report an-  
4 nually to the Governor and the Legislative Assembly on the success of economic development ef-  
5 forts. The report, at a minimum, shall include the following:

6 (a) For the overall Economic and Community Development Department effort and for each  
7 identifiable program and significant project or service:

8 (A) The impact of that program on the competitiveness of traded sector industries and the skill  
9 levels of the Oregon workforce;

10 (B) The impact on the number of jobs, including jobs created and retained;

11 (C) The impact on the wage levels of Oregon workers, including increases in wage levels;

12 (D) The actual or anticipated impact of public investments at all levels, in terms of measurable  
13 outcomes wherever possible; and

14 (E) The impact of that program on the Internet-based entities and employees in Oregon.

15 (b) The status of the Oregon economy related to:

16 (A) Changes in employment and wage levels in Oregon industries;

17 (B) Changes in employment, wage levels and competitiveness of traded sector industries; and

18 (C) Barriers that have been identified as impeding business competitiveness and productivity in  
19 this state.

20 (c) Progress made toward achievement of the Oregon Benchmarks.

21 (d) Recommendations for removing identified barriers and additional suggestions for improving  
22 the performance of Oregon's economy.

23 (e) Recommendations on this state's investment in its public ports, on this state's response to  
24 policy issues that affect ports and for the strategic development of port facilities that promote  
25 maritime commerce, recreational opportunities and the economy of Oregon.

26 (f) Progress made toward elimination of economically distressed areas of this state.

27 (g) Recommendations regarding improving the international competitiveness of Oregon.

28 (h) Progress made in serving microenterprise businesses and recommendations for increasing the  
29 success of microenterprises.

30 **(2) The commission shall report biennially to the Governor and the Legislative Assembly**  
31 **on the success of economic development efforts undertaken by programs and receiving sup-**  
32 **port through funds listed in section 3 of this 2007 Act. The report may include performance**  
33 **data, as defined in section 3 of this 2007 Act, for each program or fund administered by the**  
34 **Economic and Community Development Department or for which participation in the pro-**  
35 **gram or support through the fund is subject to the approval, certification or recommen-**  
36 **dation of the commission or the department.**

37 [(2)] (3) Whenever a power is granted to the commission, the power may be exercised by such  
38 officers, employees or commission-appointed committees as are designated in writing by the com-  
39 mission.

40 [(3)] (4) Reports to the Legislative Assembly required under this section shall be made in ac-  
41 cordance with ORS 192.245.

42 **SECTION 10.** ORS 285A.206 is amended to read:

43 285A.206. (1) In each calendar year, the Economic and Community Development Department  
44 shall prepare, in accordance with generally accepted governmental accounting principles, a financial  
45 statement relating to each of the following funds:

1 (a) The Special Public Works Fund created by ORS 285B.455;

2 (b) The Title I Bank Fund established by ORS 285A.306;

3 (c) The Oregon Business Development Fund created by ORS 285B.092;

4 (d) The Oregon Port Revolving Fund created by ORS 285A.708; and

5 (e) Any other fund or account that is used by the department or Oregon Economic and Com-  
6 munity Development Commission to make loans or loan guarantees or to provide other financial  
7 assistance to private business firms organized for profit.

8 (2) The financial statements required by this section shall record and summarize all the financial  
9 transactions during the reporting period that involved moneys credited to a fund or account and  
10 shall describe the financial condition of the fund or an account at the end of the reporting period.  
11 The reporting period for financial statements required by this section shall be the fiscal year com-  
12 mencing on July 1 and ending on June 30.

13 (3) The financial statements required by this section shall be in a form prescribed by the Sec-  
14 retary of State.

15 (4) Each financial statement required by this section shall describe the financial transactions  
16 and condition of a single fund and shall be submitted to the Governor, the President of the Senate  
17 and the Speaker of the House of Representatives not later than December 31 in each year.

18 **(5)(a) In addition to the financial statements required by subsection (1) of this section,**  
19 **the department shall compile performance data, as required by section 3 of this 2007 Act, for**  
20 **each project or facility participating in programs or receiving support through funds listed**  
21 **in section 3 of this 2007 Act:**

22 **(A) That are administered by the department; or**

23 **(B) For which participation in the program or support through the fund is subject to the**  
24 **approval, certification or recommendation of the department or the Oregon Economic and**  
25 **Community Development Commission.**

26 **(b) The department shall prescribe by rule methods for compiling performance data re-**  
27 **quired by section 3 of this 2007 Act.**

28 **SECTION 11. Section 3 of this 2007 Act and the amendments to ORS 176.110, 285A.050,**  
29 **285A.206, 291.202, 291.210, 291.218, 291.220 and 291.222 by sections 1 and 4 to 10 of this 2007**  
30 **Act apply to biennia beginning on or after July 1, 2007.**

31