

A-Engrossed Senate Bill 954

Ordered by the Senate May 21
Including Senate Amendments dated May 21

Sponsored by Senator DECKERT; Senators AVAKIAN, BURDICK, DEVLIN, L GEORGE, JOHNSON, STARR, Representatives BARKER, BONAMICI, BRUUN, FLORES, GALIZIO, MACPHERSON, READ (at the request of Washington County)

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.

[Requires persons receiving property tax exemptions under strategic investment program to use alternative withholding procedures on wages paid to employees at project site.]

Requires business firms receiving property tax relief under strategic investment program to report average employment and wages to Economic and Community Development Department on annual basis.

Requires Oregon Department of Administrative Services to estimate personal income tax revenue directly attributable to wages and salaries associated with employment gains reported to Economic and Community Development Department and to transfer 50 percent of cumulative amount for all eligible projects to Shared Services Fund.

Establishes Shared Services Fund. *[Requires withheld taxes to be deposited in fund.]* Continuously appropriates moneys in fund to Oregon Department of Administrative Services for distribution to [_____] **taxing districts.**

Applies to tax years beginning on or after January 1, [2007] **2009, and before January 1, 2019.**

[Takes effect on 91st day following adjournment sine die.]

A BILL FOR AN ACT

Relating to taxation; and appropriating money.

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

SECTION 1. Section 2 of this 2007 Act is added to and made a part of ORS 285C.600 to 285C.626.

SECTION 2. (1) On or before April 1 following each tax year that property is exempt under ORS 307.123, the business firm that owns or leases the exempt property shall submit a report to the Economic and Community Development Department, in addition to any other reporting or filing requirement.

(2) The report shall be in a form prescribed by the department and shall include:

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

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

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

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

3 (e) Numbers and amounts as described in paragraphs (c) and (d) of this subsection for
4 jobs retained in direct relation to the eligible project; and

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

6 (3) If a business firm fails to provide a report required under this section or to verify
7 information as requested by the department, the Oregon Economic and Community Devel-
8 opment Commission, upon recommendation by the department, may suspend the determi-
9 nation of the commission that the project receive the tax exemption provided for in ORS
10 307.123. If the commission suspends the determination of eligibility under this subsection, the
11 exemption is revoked as provided in ORS 307.123 (6), until the department receives the re-
12 port. Upon receipt of a report required under this section or the information requested by
13 the department, the department shall notify the commission and the commission shall
14 rescind the suspension.

15 (4) Information collected under this section may be used by the department to make ag-
16 gregate figures and analyses of activity under the strategic investment program publicly
17 available.

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

20 (6) Within 60 days of receiving the reports required under this section, the department
21 shall compile and organize the reported information for purposes of section 3 of this 2007
22 Act and transmit it to the Oregon Department of Administrative Services.

23 (7) The department shall adopt rules the department considers necessary to administer
24 ORS 285C.600 to 285C.626.

25 **SECTION 3.** (1) Upon receipt of information compiled under section 2 of this 2007 Act,
26 the Oregon Department of Administrative Services shall determine the annual amount of
27 personal income tax revenue attributable to each eligible project for which an eligible busi-
28 ness firm received a property tax exemption under ORS 307.123.

29 (2) In determining the amount of personal income tax revenue attributable to each eli-
30 gible project, the department may rely on reasonable techniques of estimation, if appropriate.

31 (3) In each fiscal year, the department shall transfer 50 percent of the cumulative
32 amount for all eligible projects determined under subsection (1) of this section to the Shared
33 Services Fund established in section 4 of this 2007 Act.

34 (4) If the department finds that a previous determination under subsection (1) of this
35 section significantly underestimated or overestimated the annual personal income tax re-
36 venue arising from an eligible project, the department shall determine the increase or de-
37 crease needed to correct the amount transferred to the Shared Services Fund and
38 incorporate the correction into the next succeeding transfer to the fund.

39 (5) The department shall adopt rules necessary to administer this section.

40 **SECTION 4.** (1) The Shared Services Fund is established in the State Treasury, separate
41 and distinct from the General Fund. Interest earned by the Shared Services Fund shall be
42 credited to the Shared Services Fund.

43 (2) All moneys in the Shared Services Fund are continuously appropriated to the Oregon
44 Department of Administrative Services, for the purpose of making distributions described in
45 subsection (3) of this section.

1 **(3) The department shall annually distribute to taxing districts the moneys from the**
2 **Shared Services Fund:**

3 **(a) In proportion to the amount of money transferred into the fund for each eligible**
4 **project that received a property tax exemption under ORS 307.123; and**

5 **(b) Consistent with the distribution of the community services fee under ORS 285C.609**
6 **for that project, except as provided in subsection (4) of this section.**

7 **(4) Notwithstanding subsection (3)(b) of this section, if the determination of the Oregon**
8 **Economic and Community Development Commission under ORS 285C.606 occurred on or be-**
9 **fore November 26, 2003, the moneys shall be distributed according to the distribution formula**
10 **established by the commission as provided in ORS 285C.609.**

11 **SECTION 5.** **The Economic and Community Development Department shall submit a re-**
12 **port on the amount of moneys transferred to the Shared Services Fund and the amount of**
13 **moneys distributed under section 4 of this 2007 Act to the appropriate House and Senate**
14 **committees relating to revenue on or before May 1, 2013.**

15 **SECTION 6.** **(1) Sections 2 and 3 of this 2007 Act apply to tax years beginning on or after**
16 **January 1, 2009, and before January 1, 2019.**

17 **(2) Sections 2 and 3 of this 2007 Act apply only to projects that become eligible for the**
18 **exemption from taxation under ORS 307.123 on or after January 1, 2008.**

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