

House Bill 2017

Sponsored by Representative GARRARD

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**.

Authorizes community colleges to partner with employers in establishing new jobs training programs. Allows community colleges and other electing taxing districts to segregate property taxes imposed on employer property where training program projects are located and employer payroll taxes for training program participants. Authorizes community colleges to issue revenue bonds to fund training program projects and pledge segregated tax revenues and other amounts to repay bonds.

Directs Department of Community Colleges and Workforce Development to implement program and report on program to Legislative Assembly each biennium.

A BILL FOR AN ACT

1
2 Relating to tax segregated workforce development projects.

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

4 **SECTION 1. Definitions. As used in sections 1 to 6 of this 2009 Act, unless the context**
5 **requires otherwise:**

6 (1) **"Agreement" means the agreement between an employer and a community college**
7 **concerning a project.**

8 (2) **"Board" means the board of education of a community college district.**

9 (3) **"Community college" has the meaning given that term in ORS 341.005.**

10 (4) **"Date of commencement of the project" means the date of the agreement.**

11 (5) **"Employee" means the person employed in a new job.**

12 (6) **"Employer" means the person entering into an agreement and providing new jobs in**
13 **the merged area served by the community college.**

14 (7) **"Gross payroll" means the gross wages, salaries and benefits for the jobs in training**
15 **in the project.**

16 (8) **"Industry":**

17 (a) **Means a business engaged in commerce for the purpose of manufacturing, processing**
18 **or assembling products, conducting research and development or providing services in**
19 **interstate commerce, but excludes retail, health and professional services.**

20 (b) **Does not include a business that closes or substantially reduces its operation in one**
21 **area of this state and relocates substantially the same operation in another area of this**
22 **state.**

23 (9) **"New job" means a job in a new or expanding industry but does not include jobs of**
24 **recalled workers, replacement jobs or other jobs that formerly existed in the industry in this**
25 **state.**

26 (10) **"New jobs training program" or "program" means the project or projects established**
27 **by a community college for the creation of jobs by providing education and training of**
28 **workers for new jobs for a new or expanding industry in the merged area served by 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 community college.

2 (11) "Program costs" means all necessary and incidental costs of providing program
3 services.

4 (12) "Program services" includes but is not limited to the following:

5 (a) New jobs training.

6 (b) Adult basic education and job-related instruction.

7 (c) Vocational and skill-assessment services and testing.

8 (d) Training facilities, equipment, materials and supplies.

9 (e) On-the-job training.

10 (f) Administrative expenses for the new jobs training program.

11 (g) Subcontracted services with institutions of the Oregon University System, private
12 colleges or universities or with federal, state or local agencies.

13 (h) Contracted or professional services.

14 (13) "Project" means a training arrangement that is the subject of an agreement entered
15 into between the community college and an employer to provide program services.

16 (14) "Segregated payroll tax revenues" means the credit as provided in section 4 of this
17 2009 Act.

18 (15) "Segregated property tax revenues" means revenues raised from the segregation of
19 property taxes as provided in section 3 of this 2009 Act.

20 (16) "Segregated taxes" means property taxes that are segregated as provided in section
21 3 of this 2009 Act or payroll tax withholdings that are segregated as provided in section 4 of
22 this 2009 Act.

23 **SECTION 2. Agreement.** (1) A community college may enter into an agreement with an
24 employer to establish a project. If an agreement is entered into, the community college and
25 the employer, as soon as possible, shall notify the Department of Revenue and the county
26 assessor of the county in which the project is to be located. The agreement shall provide for
27 payment of program costs, including deferred costs, that may be paid from one or a combi-
28 nation of the following sources, as set forth in the agreement:

29 (a) Segregated property tax revenues to be received or derived from an employer's busi-
30 ness property where new jobs are created as a result of the project.

31 (b) Segregated payroll tax revenues to be received or derived from new employment re-
32 sulting from the project.

33 (c) Tuition, student fees or special charges fixed by the board to defray program costs
34 in whole or in part.

35 (2) Payment of program costs may not be deferred for more than 10 years after the date
36 of commencement of the project.

37 (3) Costs of on-the-job training for employees may not exceed 50 percent of the annual
38 gross payroll costs for up to one year of the new jobs.

39 (4) An agreement shall include a provision that establishes minimum and maximum
40 amounts of segregated property tax revenues, segregated payroll tax revenues, and tuition
41 and fees that shall be paid to defray program costs.

42 (5) Any payments required to be made by an employer are a lien upon the employer's
43 business property until paid and have equal priority with property taxes. A lien established
44 under this subsection may not be divested by a judicial sale. Property subject to the lien may
45 be sold for sums due and delinquent at a tax sale, with the same forfeitures, penalties and

1 consequences as for the nonpayment of property taxes.

2 **SECTION 3. Segregated property tax revenues.** (1) If an agreement provides that all or
 3 part of program costs are to be paid for by segregated property tax revenues, a board shall
 4 provide by resolution that property taxes of the community college, and of each other local
 5 taxing district that has authorized the segregation of property taxes under subsection (2) of
 6 this section, that are levied on the employer's taxable business property where new jobs are
 7 created as a result of a project shall be segregated as provided in subsection (3) of this sec-
 8 tion.

9 (2)(a) Prior to the date that an agreement is executed, a community college seeking to
 10 establish a project with an employer shall give notice to each taxing district that has juris-
 11 diction over the property of the employer at which the project is to be located. The notice
 12 shall set forth the terms of the agreement and a concise explanation of the effect of an
 13 election by a taxing district to authorize the segregation of property taxes.

14 (b) The governing body of each taxing district receiving a notice under paragraph (a) of
 15 this subsection shall determine whether to elect to have the taxing district's property taxes
 16 segregated as provided in this section. The election shall be made by resolution of the gov-
 17 erning body and shall thereafter be irrevocable for the duration of the agreement or for a
 18 shorter period of time as set forth in the agreement.

19 (3)(a) The agreement shall set forth the maximum number of years for which taxes are
 20 to be segregated under this section.

21 (b) Beginning with the first tax year for which the agreement is in effect, the county
 22 assessor shall determine the amount of property taxes of the community college and each
 23 taxing district making an election under subsection (2) of this section that are imposed on
 24 the property of the employer at which the project is located. The assessor's determination
 25 shall constitute the amount of segregated property tax revenues for the tax year. The
 26 assessor shall direct the county treasurer to transfer the segregated property tax revenues
 27 from the unsegregated tax collections account established under ORS 311.385 to a special
 28 fund of the community college. The distribution percentage schedule described in ORS 311.390
 29 shall be adjusted to take the transfer to the special fund into account. The community col-
 30 lege may irrevocably pledge moneys in the special fund to the repayment of revenue bonds
 31 issued under section 5 of this 2009 Act.

32 (4) An agreement may provide a maximum amount of segregated property tax revenues
 33 to be transferred to the special fund in any tax year. If the transfer to the community col-
 34 lege special fund is the maximum amount of segregated property tax revenues, the distrib-
 35 ution percentage schedule described in ORS 311.390 shall be adjusted to reflect the transfer
 36 of the maximum amount.

37 **SECTION 4. Segregated payroll tax revenues.** (1) If an agreement provides that all or part
 38 of program costs are to be met by receipt of segregated payroll tax revenues, the revenues
 39 shall be determined as follows:

40 (a) Segregated payroll tax revenues shall be based upon the wages paid to the employees
 41 in the new jobs.

42 (b) An amount equal to _____ percent of the gross wages paid by the employer to each
 43 employee participating in a project shall be credited from the payment made by an employer
 44 pursuant to ORS 316.197. The Department of Revenue shall compute the amount of segre-
 45 gated payroll tax revenues to achieve a transfer under this subsection of only withheld ad-

1 vance payments of personal income taxes. The department shall remit the amount of
2 segregated payroll tax revenues to the community college for deposit into a special fund of
3 the community college. The community college may irrevocably pledge moneys in the special
4 fund to the repayment of revenue bonds issued under section 5 of this 2009 Act.

5 (c) The employer shall certify to the department that amounts withheld and reported as
6 segregated payroll tax revenues are in accordance with the agreement and shall provide
7 other information the department may require.

8 (d) A community college shall certify to the department the amount of segregated payroll
9 tax revenues an employer has remitted to the special fund and shall provide other informa-
10 tion the department may require.

11 (2) An employee participating in a project shall receive full credit for the entire amount
12 withheld as provided in ORS 316.187.

13 **SECTION 5. Revenue bonds.** (1) To provide funds for the present payment of the costs
14 of new jobs training programs, a community college may issue revenue bonds payable from
15 segregated taxes and other sources of revenue set forth in the agreement. The segregated
16 taxes and other funds set forth in the agreement shall be pledged to the payment of principal
17 of and interest on the bonds.

18 (2) The bonds shall be issued as prescribed in ORS chapter 287A.

19 **SECTION 6. Department of Community Colleges and Workforce Development.** (1) The
20 Department of Community Colleges and Workforce Development, in consultation with the
21 Department of Revenue, shall coordinate the new jobs training program. The Department
22 of Community Colleges and Workforce Development shall adopt rules to implement the pro-
23 visions of sections 1 to 6 of this 2009 Act. The Department of Community Colleges and
24 Workforce Development shall assist community colleges in developing projects with new and
25 expanding industry new jobs training proposals.

26 (2) The Department of Community Colleges and Workforce Development shall prepare a
27 report for the Legislative Assembly to be filed on or before December 31 of each even-
28 numbered year.

29 **SECTION 7.** The section captions used in this 2009 Act are provided only for the con-
30 venience of the reader and do not become part of the statutory law of this state or express
31 any legislative intent in the enactment of this 2009 Act.

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