

House Bill 2429

Sponsored by Representative SCHAUFLEER (at the request of Oregon State Building and Construction Trades Council)

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**.

Modifies qualifications for property tax exemptions for business firms eligible to participate in enterprise zone program. Requires firms engaged in private construction projects with value of \$5 million or more to comply with prevailing wage rate law.

Applies to firms entering first year of enterprise zone property tax exemption for qualified property on or after January 1, 2010.

A BILL FOR AN ACT

1 Relating to enterprise zones; creating new provisions; and amending ORS 285C.200.

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

3 **SECTION 1.** ORS 285C.200 is amended to read:

4 285C.200. (1) The qualified property of an authorized business firm may be exempt from property
5 taxation under ORS 285C.175 only if the firm meets the following qualifications:

6 (a) The firm is an eligible business firm engaged in eligible business operations under ORS
7 285C.135 that are located inside the enterprise zone;

8 (b) The firm owns or leases qualified property that is located inside the enterprise zone;

9 (c) The employment of the firm, no later than the date the exemption is claimed under ORS
10 285C.220 or April 1 following the year in which the investment in qualified property is made,
11 whichever is earlier, is not less than the greater of:

12 (A) 110 percent of the annual average employment of the firm; or

13 (B) The annual average employment of the firm plus one employee;

14 (d) The firm does not diminish employment outside the enterprise zone as described in sub-
15 sections (4) and (5) of this section;

16 (e) The firm does not substantially curtail operations within the enterprise zone as described in
17 ORS 285C.210; *[and]*

18 (f) **The firm complies with ORS 279C.800 to 279C.870, if the firm is engaged in a project
19 that:**

20 (A) **Is for the construction, reconstruction or major renovation of a privately owned
21 road, highway, building, structure or improvement of any type;**

22 (B) **Is located within the enterprise zone; and**

23 (C) **Has a projected cost of \$5 million or more; and**

24 *[(f)]* (g) The firm complies in all material respects with local, Oregon and federal laws applicable
25 to the firm's operations inside the enterprise zone since the application for authorization and
26 throughout the period of exemption, as prescribed by rule.

27 (2) Notwithstanding subsection (1)(c) or (e) of this section, an eligible business firm may meet
28 the qualifications of this section if the firm has satisfied the following requirements:
29

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 (a) The firm is authorized subject to ORS 285C.155 and the firm satisfies those requirements; and

2 (b)(A) The firm completes an investment of \$25 million or more in qualified property; or

3 (B) The firm fulfills the requirements of ORS 285C.205 and the employment of the firm does not
4 decrease below the annual average employment of the firm.

5 (3) An authorized business firm that engages in both eligible and ineligible operations in an
6 enterprise zone and is an eligible business firm because of ORS 285C.135 (3) meets the qualifications
7 of this section if:

8 (a) The eligible operations of the firm under ORS 285C.135 meet the qualifications of this sec-
9 tion; and

10 (b) The employees of the firm work a majority of their time in eligible operations within the
11 enterprise zone.

12 (4) A business firm does not meet the qualifications of this section if the firm or any other firm
13 under common control closes or permanently curtails operations in another part of the state more
14 than 30 miles from the nearest boundary of the enterprise zone in which the firm seeks a property
15 tax exemption. This subsection applies to the transfer of any of the business firm’s operations to an
16 enterprise zone from another part of the state, if the closure or permanent curtailment in the other
17 part of the state diminished employment in the county and more local labor markets after authori-
18 zation and on or before December 31 of the first tax year for which any qualified property of the
19 firm in that zone would otherwise be exempt under ORS 285C.175.

20 (5) An authorized business firm that moves any of its employees from a site or sites within 30
21 miles from the nearest boundary of the enterprise zone after authorization may meet the qualifica-
22 tions under this section if the employment of the firm has been increased within the zone and at the
23 site or sites from which the employees were transferred, no later than April 1 preceding the first
24 tax year for which qualified property of the firm is exempt under ORS 285C.175, to not less than 110
25 percent of the annual average employment of the firm within the zone and the site or sites from
26 which the employees were transferred, calculated over the 12 months preceding the date of appli-
27 cation for authorization.

28 (6) For purposes of subsection [(1)(f)] (1)(g) of this section, the Economic and Community De-
29 velopment Department shall adopt rules that define the effect of noncompliance on an eligible busi-
30 ness firm’s continuing exemption in an enterprise zone and that indicate what is necessary to
31 establish the noncompliance in terms of materiality of the relevant violation, the finality of appli-
32 cable legal or regulatory proceedings and judgments involving the firm, the failure by the firm to
33 perform or submit to remedial or curative actions and similar factors.

34 (7) As used in this section:

35 (a) “Annual average employment of the firm” means the average employment of the firm, cal-
36 culated over the 12 months preceding the date of application for authorization.

37 (b) Except as provided in subsection (5) of this section, “employment of the firm” means:

38 (A) The number of employees working for the firm a majority of their time in eligible operations
39 at locations within the enterprise zone; or

40 (B) In the case of a firm described in ORS 285C.135 (5)(b), the number of employees working a
41 majority of their time at the facility in the enterprise zone for which authorization was obtained.

42 **SECTION 2. The amendments to ORS 285C.200 by section 1 of this 2009 Act apply to au-**
43 **thorized business firms entering the first year of enterprise zone property tax exemption for**
44 **a qualified property on or after January 1, 2010.**