

House Bill 2529

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of House Interim Committee on Revenue)

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**.

Requires Governor to prepare economic and community development incentive report biennially. Requires Oregon Business 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 Oregon Business Development Commission to report biennially to Governor and Legislative Assembly on success of economic development efforts receiving support through specified programs and funds.

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 Oregon Business 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 2011 Act, for inclusion in the**
22 **economic and community development incentive report; and**

23 (c) **Release the performance data to the Governor upon request of the Governor.**

24 **SECTION 2.** Section 3 of this 2011 Act is added to and made a part of ORS chapter 291.

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

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

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) List economic and community development incentive programs and funds, including:
2 (A) Enterprise zones under ORS 285C.050 to 285C.250;
3 (B) Enterprise zone property tax exemptions extended under ORS 285C.160;
4 (C) Long term tax incentives for rural enterprise zones under ORS 285C.400 to 285C.420;
5 (D) Electronic commerce enterprise zones under ORS 285C.095;
6 (E) Income and corporate excise tax exemptions under ORS 316.778 or 317.391;
7 (F) Strategic investment program under ORS 285C.600 to 285C.626;
8 (G) Strategic Reserve Fund under ORS 285B.266;
9 (H) Special Public Works Fund under ORS 285B.455;
10 (I) Oregon Port Revolving Fund under ORS 285A.708;
11 (J) Oregon Business Development Fund under ORS 285B.092;
12 (K) Industrial development revenue bonds issued under ORS 285B.320 to 285B.371;
13 (L) Local Economic Opportunity Fund under ORS 285B.260;
14 (M) Construction-in-process enterprise zone property tax exemptions under ORS
15 285C.170;
16 (N) Rural renewable energy development zone tax exemptions under ORS 285C.362;
17 (O) Film production development contributions under ORS 315.514;
18 (P) Street or road improvements to influence the location, relocation or retention of a
19 business or facility in this state that meet the criteria of ORS 366.507 (4)(e); and
20 (Q) Any other economic and community development incentive programs or funds that
21 the Governor determines are significant;
- 22 (b) Identify the statutory authority for each listed program and fund;
23 (c) Describe the purpose of each listed program and fund;
24 (d) Summarize all loans and grants awarded in the current biennium by each listed pro-
25 gram and fund;
26 (e) Estimate the amount of state funds that are budgeted for each program and fund in
27 the current biennium or, if the program is a tax exemption or other tax incentive, the re-
28 venue impact of each program for the current biennium;
29 (f) List the actual amount of state funds that are budgeted for each program and fund
30 or, if the program is a tax exemption or other tax incentive, the revenue impact of each
31 program in the preceding biennium, or an estimate if the actual amount cannot be deter-
32 mined;
- 33 (g) List performance data for each program and fund;
34 (h) Determine whether each program and fund is the most fiscally effective means of
35 achieving the purpose of the program or fund; and
36 (i) Determine whether each program and fund has successfully achieved the purpose for
37 which the program or fund was enacted and currently serves.
- 38 (3) As used in this section:
39 (a) “Loans and grants awarded in the current biennium” means first-time loans or grants
40 made pursuant to an economic and community development incentive program or fund dur-
41 ing the current biennium.
42 (b) “Performance data” means the following information for each project and facility
43 participating in or receiving support through an economic and community development in-
44 centive program or fund, unless otherwise exempt from disclosure under ORS 192.501 or
45 192.502:

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

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

5 (i) The total number of employees.

6 (ii) The number of full-time employees. A full-time employee is an employee who works
 7 at least 35 hours per week for an indefinite period of time.

8 (iii) The number of part-time employees. A part-time employee is an employee who works
 9 fewer than 35 hours per week.

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

13 (v) The number of employees employed in retained jobs. A retained job is a job that, prior
 14 to participation in the economic and community development incentive program or prior to
 15 receiving support through the economic and community development incentive fund, is
 16 jeopardized by a specific and articulable threat, but that is preserved due to participation in
 17 or support received from the economic and community development incentive program or
 18 fund.

19 (vi) The number of employees employed in temporary positions. A temporary position is
 20 a position in which an employee is hired for a specific period of time or for a season.

21 (vii) The estimated number of jobs created by the participant that the participant antic-
 22 ipates may be filled by workers who are Oregon residents.

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

24 (C) The estimated average annual wage and the estimated average hourly wage for the
 25 positions listed in subparagraph (B) of this paragraph compared to the median income in the
 26 area where the participating facility or project site is located.

27 (D) Whether the participant provides health care benefits to employees, the type of
 28 health care benefits provided and the number of employees with health care benefits provided
 29 by the participant.

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

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

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

34 (H) Whether the project or facility attracted other businesses or industries to the same
 35 geographical area and, if available, the number of jobs created in the area by the other
 36 businesses or industries.

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

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

39 291.210. (1) The Oregon Department of Administrative Services, in connection with its direct
 40 studies of the operations, plans and needs of state agencies and of the existing and prospective
 41 sources of income, shall prepare a tentative budget plan, [and] tentative tax expenditure report **and**
 42 **tentative economic and community development incentive report** for the two fiscal years for
 43 which a budget report [and], a tax expenditure report **and an economic and community devel-**
 44 **opment incentive report** are required to be prepared.

45 (2) The Department of Revenue shall advise and assist **the Oregon Department of Adminis-**

1 **trative Services** in the preparation of the tentative tax expenditure report **and, if requested by**
2 **the Oregon Department of Administrative Services or the Oregon Business Development**
3 **Department, shall advise and assist in the preparation of the tentative economic and com-**
4 **munity development incentive report.**

5 **(3) The Oregon Business Development Department shall:**

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

8 **(b) Compile performance data, as defined in section 3 of this 2011 Act, for inclusion in the**
9 **tentative economic and community development incentive report; and**

10 **(c) Release the performance data to the Oregon Department of Administrative Services**
11 **upon request of the Oregon Department of Administrative Services.**

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

13 291.218. Except when the Governor under whose supervision the budget report, [*and*] the tax
14 expenditure report **and the economic and community development incentive report** have been
15 prepared will be succeeded in office in January next following:

16 (1) The Oregon Department of Administrative Services shall have as many copies of the ap-
17 proved budget report, [*and*] the **approved** tax expenditure report **and the approved economic and**
18 **community development incentive report** printed as the Governor directs.

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

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

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

25 291.220. The Governor, upon request, shall furnish the Legislative Assembly any further infor-
26 mation required concerning the budget report, [*and*] the tax expenditure report **and the economic**
27 **and community development incentive report**. The Oregon Department of Administrative Ser-
28 vices, upon request, shall furnish a representative to assist the Legislative Assembly, its Joint
29 Committee on Ways and Means, appointed under ORS 171.555, and the Legislative Revenue Officer
30 in the consideration of the budget report, the tax expenditure report **and the economic and com-**
31 **munity development incentive report** and any accompanying measures.

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

33 291.222. If the Governor under whose supervision the budget report, [*and*] **the** tax expenditure
34 report **and the economic and community development incentive report** have been prepared will
35 be succeeded in office in January next following:

36 (1) The Oregon Department of Administrative Services shall make available to the Governor-
37 elect so much as the Governor-elect requests of the information upon which the tentative budget
38 report, [*and*] tentative tax expenditure report **and tentative economic and community develop-**
39 **ment incentive report** are based, and upon completion of each report shall supply the Governor-
40 elect with a copy of each report but shall not cause the tentative budget report, [*or*] tentative tax
41 expenditure report **or tentative economic and community development incentive report** to be
42 printed and distributed. The department shall also make available to the Governor-elect all facilities
43 of the department reasonably necessary to permit the Governor-elect to review and become familiar
44 with the tentative budget report, [*or*] tentative tax expenditure report **and tentative economic and**
45 **community development incentive report.**

1 (2) After a review of the tentative budget report, [*or*] tentative tax expenditure report **and**
 2 **tentative economic and community development incentive report** the Governor-elect may pre-
 3 pare revisions and additions thereto. The Oregon Department of Administrative Services and the
 4 Department of Revenue shall assist, upon request, in the preparation of such revisions or additions.

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

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

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

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

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

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

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

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

27 176.110. (1) The person elected to the office of Governor may take any action prior to the date
 28 the official term of office commences that is necessary to enable the Governor to exercise on such
 29 date the powers and duties of the office of Governor.

30 (2) The Governor-elect shall cause the budget report, [*and*] the tax expenditure report **and the**
 31 **economic and community development incentive report** for the biennium beginning July 1 of the
 32 year in which the Governor takes office to be compiled and prepared for printing as required in ORS
 33 291.222.

34 (3) All necessary expenses of the Governor-elect incurred in carrying out the provisions of this
 35 section shall be audited by the Secretary of State and paid from any funds appropriated for this
 36 purpose in the same manner as other claims against the state are paid.

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

38 285A.050. (1) The Oregon Business Development Commission shall report biennially to the Gov-
 39 ernor and the Legislative Assembly on the success of economic development efforts. The report shall
 40 include the progress toward achievement of performance measures for the Oregon Business Devel-
 41 opment Department as adopted by the Legislative Assembly. At a minimum, the report shall include
 42 the following:

43 (a) For the overall department and for identifiable programs and funding sources:

44 (A) The number of jobs created and retained;

45 (B) The average wage levels of jobs created and retained; and

1 (C) Other measures identified by the commission.

2 (b) The status of the Oregon economy as it relates to the economic strategy outlined in ORS
3 285A.020.

4 **(c) The success of economic development efforts undertaken by programs or receiving**
5 **support through funds listed in section 3 of this 2011 Act, including performance data as**
6 **defined in section 3 of this 2011 Act for each program and fund administered by the depart-**
7 **ment or for which participation in the program or support through the fund is subject to the**
8 **approval, certification or recommendation of the commission or the department.**

9 [(c)] (d) Other issues identified by the commission.

10 (2) Reports to the Legislative Assembly required under this section shall be made in accordance
11 with ORS 192.245.

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

13 285A.206. (1) In each calendar year, the Oregon Business Development Department shall pre-
14 pare, in accordance with generally accepted governmental accounting principles, a financial state-
15 ment for individual funding programs as required by law.

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

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

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

26 **(5)(a) In addition to the financial statements required by subsection (1) of this section,**
27 **the department shall compile performance data, as required by section 3 of this 2011 Act, for**
28 **each project and facility participating in programs or receiving support through funds listed**
29 **in section 3 of this 2011 Act:**

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

31 **(B) For which participation in the program or support through the fund is subject to the**
32 **approval, certification or recommendation of the department or the Oregon Business Devel-**
33 **opment Commission.**

34 **(b) The department shall prescribe by rule methods for compiling performance data re-**
35 **quired by section 3 of this 2011 Act.**

36 **SECTION 11.** Section 3 of this 2011 Act and the amendments to ORS 176.110, 285A.050,
37 285A.206, 291.202, 291.210, 291.218, 291.220 and 291.222 by sections 1 and 4 to 10 of this 2011
38 Act apply to biennia beginning on or after July 1, 2011.

39