

**B-Engrossed**  
**Senate Bill 219**

Ordered by the Senate June 10  
Including Senate Amendments dated April 25 and June 10

Sponsored by Senator DEVLIN, Representative READ; Senators EDWARDS, HASS, MONNES ANDERSON (Pre-session filed.)

**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 Oregon Business Development Department to administer Oregon Business Retention and Expansion Program to lend incremental Oregon Business Retention and Expansion Program tax revenues to certified employers. Specifies provisions of forgivable loan program.

Establishes Oregon Business Retention and Expansion Program Fund. Continuously appropriates moneys in fund to Oregon Business Development Department.

**Authorizes biennial transfer of specified amount from Strategic Reserve Fund to Oregon Business Retention and Expansion Program Fund for purpose of making loans.**

*[Requires department to estimate amount of personal income tax revenue generated by program. Specifies percentages of estimated amount to be deposited in Oregon Business Retention and Expansion Program Fund and General Fund for next 10 tax years.]*

*[Appropriates moneys from Oregon State Lottery Fund to department for purposes of administering program.]*

Applies to tax years beginning on or after January 1, 2012, and before January 1, 2022.

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

**Declares emergency, effective on passage.**

**A BILL FOR AN ACT**

1  
2 Relating to incentives for business hiring; appropriating money; and declaring an emergency.

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

4 **SECTION 1. As used in sections 1 to 9 of this 2011 Act:**

5 (1) "Certified employer" means an eligible employer certified under section 3 of this 2011  
6 Act.

7 (2) "Compensation" has the meaning given that term in ORS 314.610.

8 (3) "Eligible employee" means a new full-time employee whose compensation averages at  
9 least 150 percent of the county or state average in annual per employee compensation,  
10 whichever is less, who is hired by a certified employer after the employer is certified under  
11 section 3 of this 2011 Act.

12 (4) "Eligible employer" means an employer that, in the month in which the employer  
13 submits an application under section 4 of this 2011 Act:

14 (a) Has at least 150 employees;

15 (b) Plans to hire at least 50 new full-time employees in this state whose compensation  
16 will average at least 150 percent of the county or state average in annual per employee  
17 compensation, whichever is less;

18 (c) Operates in an industry in the traded sector, as that term is defined in ORS 285A.010;  
19 and

20 (d) Is not a retailer, as that term is defined in ORS 72.8010.

**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 (5) "Estimated incremental Oregon Business Retention and Expansion Program tax re-  
2 venues" means the Oregon personal income tax revenues that are estimated pursuant to  
3 section 7 of this 2011 Act to be substantially equivalent to the amount of tax that eligible  
4 employees of an eligible employer will be required to pay under ORS chapter 316 as a result  
5 of compensation paid to the eligible employees by the eligible employer in the two consec-  
6 utive tax years beginning with the tax year following the tax year in which the employer  
7 receives certification under section 3 of this 2011 Act.

8 **SECTION 2.** The Oregon Business Development Department may adopt rules that the  
9 department determines are necessary to:

10 (1) Further define the terms defined in section 1 of this 2011 Act in a manner consistent  
11 with section 1 of this 2011 Act;

12 (2) Implement the duties of the department under sections 1 to 9 of this 2011 Act; and

13 (3) Carry out the purposes of sections 1 to 9 of this 2011 Act.

14 **SECTION 3.** (1) Subject to standards and procedures that the Oregon Business Develop-  
15 ment Department shall establish by rule, the department shall certify eligible employers to  
16 participate in the Oregon Business Retention and Expansion Program established in section  
17 6 of this 2011 Act. The department may establish certification standards regarding:

18 (a) Employers maintaining certain levels of payroll or per-employee compensation in-  
19 cluding benefits;

20 (b) Employers consulting with vendors in this state before entering into contracts;

21 (c) Eligible employers not laying off current employees in order to achieve hiring goals;

22 (d) Specifying the types and amounts of employer expenses that are the reasonable costs  
23 of financing, developing, furnishing and operating a facility to be used by the certified em-  
24 ployer in the course of business under section 6 of this 2011 Act; and

25 (e) Verifying that an employer is an eligible employer.

26 (2) The department must approve or deny an application submitted under section 4 of this  
27 2011 Act within 120 days after the date a complete application is filed.

28 **SECTION 4.** (1) An employer may apply to the Oregon Business Development Department  
29 for certification under section 3 of this 2011 Act.

30 (2) The application shall be made in writing in a form prescribed by the department.

31 (3) The application must include a verified statement by the employer that the employer  
32 would not plan on hiring 50 or more new full-time employees in this state but for the avail-  
33 ability of the loans provided by the Oregon Business Retention and Expansion Program es-  
34 tablished under section 6 of this 2011 Act.

35 **SECTION 5.** (1) The Oregon Business Development Department may revoke a certificate  
36 issued under section 3 of this 2011 Act if the department finds that:

37 (a) The certificate was obtained by fraud or misrepresentation; or

38 (b) The certified employer fails to meet the requirements of section 3 of this 2011 Act.

39 (2) If the certificate is revoked pursuant to subsection (1) of this section, the department  
40 shall proceed to recoup any loan moneys disbursed to the employer pursuant to section 6 of  
41 this 2011 Act.

42 **SECTION 6.** (1) In consultation with the Department of Revenue, the Oregon Business  
43 Development Department shall establish and administer the Oregon Business Retention and  
44 Expansion Program. The purpose of the program is to provide forgivable loans to certified  
45 employers to allow for expanded operations and increased hiring.

1       (2) The Oregon Business Development Department shall enter into agreements with  
2 certified employers. Agreements must contain:

3       (a) Detailed performance measures, established by the department by rule, with which  
4 certified employers must comply; and

5       (b) The requirement that the certified employer pay to the Oregon Business Development  
6 Department the amount of any loan made under this section where the certified employer  
7 did not meet established performance measures.

8       (3) The total loan amount distributed to a certified employer under this section may not  
9 exceed the total amount of the estimated incremental Oregon Business Retention and Ex-  
10 pansion Program tax revenues for the certified employer.

11       (4) Moneys loaned under this section must be distributed to the certified employer no  
12 later than 120 days following certification under section 3 of this 2011 Act.

13       SECTION 7. The Director of the Oregon Business Development Department, in consul-  
14 tation with the Director of the Department of Revenue, shall:

15       (1) Specify the methodology for estimating incremental Oregon Business Retention and  
16 Expansion Program tax revenues; and

17       (2) Estimate incremental Oregon Business Retention and Expansion Program tax reven-  
18 ues.

19       SECTION 8. The Oregon Business Retention and Expansion Program Fund is established  
20 in the State Treasury, separate and distinct from the General Fund. The Oregon Business  
21 Retention and Expansion Program Fund consists of amounts deposited in the fund as re-  
22 quired by section 9 of this 2011 Act and other moneys transferred to the fund. Amounts in  
23 the fund are continuously appropriated to the Oregon Business Development Department for  
24 the purposes of making the loans provided by the agreements entered into under section 6  
25 of this 2011 Act and paying the costs and expenses of the Oregon Business Development  
26 Department in connection with the implementation and administration of sections 1 to 9 of  
27 this 2011 Act.

28       SECTION 9. (1) For the biennium beginning July 1, 2011, the Oregon Business Develop-  
29 ment Department may transfer up to \$4 million from moneys credited to the Strategic Re-  
30 serve Fund created under ORS 285B.266 to the Oregon Business Retention and Expansion  
31 Program Fund to be used for the purpose of making the loans provided by the agreements  
32 entered into under section 6 of this 2011 Act and in accordance with the provisions of  
33 sections 1 to 9 of this 2011 Act.

34       (2) Unless approved by the Joint Committee on Ways and Means or, if the Legislative  
35 Assembly is not in session, the Emergency Board, administrative expenses of the Oregon  
36 Business Development Department incurred in connection with the implementation and ad-  
37 ministration of sections 1 to 9 of this 2011 Act may not be paid from funds transferred pur-  
38 suant to this section. Expenses that are project-related are not considered to be  
39 administrative expenses of the department.

40       SECTION 10. The Oregon Business Development Department shall report to the com-  
41 mittees of the Legislative Assembly with authority over the subject area of economic devel-  
42 opment during the 2013 regular session of the Legislative Assembly as specified in ORS  
43 171.010.

44       SECTION 11. Sections 1 to 9 of this 2011 Act apply to tax years beginning on or after  
45 January 1, 2012, and before January 1, 2022.

1        **SECTION 12.** This 2011 Act being necessary for the immediate preservation of the public  
2        peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect  
3        on its passage.

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