

House Bill 4093

Sponsored by Representative HANNA; Representatives WAND, WHISNANT, Senator ATKINSON (Presession 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 **as introduced**.

Increases number of enterprise zones that may be designated and maximum area of enterprise zone.

Increases number of enterprise zones that may be designated for electronic commerce.

Increases additional tax years during which qualified property in enterprise zone may be exempt from taxation.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to extension of enterprise zones; creating new provisions; amending ORS 285C.080,
3 285C.090, 285C.095, 285C.160 and 285C.175; and prescribing an effective date.

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

5 **SECTION 1.** ORS 285C.080 is amended to read:

6 285C.080. (1) As provided in ORS 285C.065 and 285C.075, the Director of the Oregon Business
7 Development Department may approve the designation of:

8 (a) Up to [17] **20** areas as rural enterprise zones; and

9 (b) Up to [10] **15** areas as urban or rural enterprise zones.

10 (2) Areas designated as enterprise zones under this section [*shall be*] **are** in addition to the 30
11 areas designated or redesignated as enterprise zones by order of the Governor under ORS 284.160
12 (1987 Replacement Part) before October 3, 1989, areas redesignated under ORS 285C.250, areas des-
13 igned under ORS 285C.085 and areas designated under ORS 285C.306.

14 **SECTION 2.** ORS 285C.090 is amended to read:

15 285C.090. (1) A proposed enterprise zone must be located in a local area in which:

16 (a) Fifty percent or more of the households have incomes below 80 percent of the median income
17 of this state, as defined by the most recent federal decennial census;

18 (b) The unemployment rate is at least 2.0 percentage points greater than the comparable unem-
19 ployment rate for this entire state, as defined by the most recently available data published or offi-
20 cially provided and verified by the United States Government, the Employment Department [*of this*
21 *state*], the Portland State University Population Research Center or special studies conducted under
22 a contract with a regional academic institution; or

23 (c) The Oregon Business Development Department determines on a case-by-case basis using ev-
24 idence provided by the cities, counties or ports applying for designation of the proposed enterprise
25 zone that there exists a level of economic hardship at least as severe as that described in paragraph
26 (a) or (b) of this subsection. The evidence [*shall*] **must** be based on the most recently available data
27 from official sources and may include[, *but is not limited to,*] a contemporary decline of the popu-
28 lation in the proposed enterprise zone, the percentage of persons in the proposed enterprise zone
29 below the poverty level relative to the percentage of the entire population of this state below 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 poverty level or the unemployment rate for the county or counties in which the proposed enterprise
2 zone is located.

3 (2) An enterprise zone *[must]* **may** consist of a total area of not more than *[12]* **15** square miles
4 in size. The area of the zone *[shall]* **must** be calculated by excluding that portion of the zone that
5 lies below the ordinary high water mark of a navigable body of water.

6 (3) Except as provided in subsection (4) of this section:

7 (a) An enterprise zone must have *[12]* **15** miles or less as the greatest distance between any two
8 points within the zone; and

9 (b) Unconnected areas of an enterprise zone may not be more than five miles apart.

10 (4) Unconnected areas of a rural enterprise zone may not be more than 15 miles apart when an
11 unconnected area is entirely within a sparsely populated county, and the zone:

12 (a) Must have 20 miles or less as the greatest distance between any two points within the zone,
13 if only a portion of the zone is contained within a sparsely populated county; or

14 (b) Must have 25 miles or less as the greatest distance between any two points within the zone,
15 if the zone is entirely contained within a sparsely populated county.

16 (5) This section does not apply to the designation or redesignation of a reservation enterprise
17 zone or a reservation partnership zone.

18 **SECTION 3.** ORS 285C.095 is amended to read:

19 285C.095. (1) A sponsor of an existing enterprise zone may seek to have the zone designated for
20 electronic commerce under this section.

21 (2) The sponsor *[shall]* **must** file an application to have the zone designated for electronic
22 commerce with the Oregon Business Development Department. The application *[shall]* **must** be in
23 the form and contain the information that the department by rule may require.

24 (3) The application *[shall]* **must** be accompanied by a copy of a resolution, adopted by the gov-
25 erning body of the sponsor, requesting that the zone be designated for electronic commerce.

26 (4) The department shall review applications for electronic commerce designation and *[shall]*
27 **may** approve no more than *[10]* **20** zones for electronic commerce designation.

28 (5) The sponsor may by resolution revoke an electronic commerce designation made under this
29 section. If an election is revoked, the sponsor may not subsequently seek reinstatement of electronic
30 commerce designation.

31 **SECTION 4.** ORS 285C.175 is amended to read:

32 285C.175. (1) Property of an authorized business firm is exempt from ad valorem property taxa-
33 tion if:

34 (a) The property is qualified property under ORS 285C.180;

35 (b) The firm meets the qualifications under ORS 285C.200; and

36 (c) The firm has entered into a first-source hiring agreement under ORS 285C.215.

37 (2)(a) The exemption allowed under this section applies to the first tax year for which, as of
38 January 1 preceding the tax year, the qualified property is in service. The exemption shall continue
39 for the next two succeeding tax years if the property continues to be owned or leased by the busi-
40 ness firm and located in the enterprise zone.

41 (b) The property may be exempt from property taxation under this section for up to *[two]* **three**
42 additional tax years consecutively following the tax years described in paragraph (a) of this sub-
43 section, if authorized by the written agreement entered into by the firm and the sponsor under ORS
44 285C.160.

45 (c) If qualified property of a qualified business firm is sold or leased to an eligible business firm

1 in the enterprise zone during the period the property is exempt under this section, the purchasing
 2 or leasing firm is eligible to continue the exemption of the selling or leasing firm for the balance
 3 of the exemption period, but only if any effects on employment within the zone that result from the
 4 sale or lease do not constitute substantial curtailment under ORS 285C.210.

5 (3)(a) The exemption allowed under this section shall be 100 percent of the assessed value of the
 6 qualified property in each of the tax years for which the exemption is available.

7 (b) Notwithstanding paragraph (a) of this subsection:

8 (A) If the qualified property is an addition to or modification of an existing building or structure,
 9 the exemption shall be measured by the increase in value, if any, attributable to the addition or
 10 modification.

11 (B) If the qualified property is an item of reconditioned, refurbished, retrofitted or upgraded real
 12 property machinery or equipment, the exemption shall be measured by the increase in the value of
 13 the item that is attributable to the reconditioning, refurbishment, retrofitting or upgrade.

14 (4)(a) An exemption may not be granted under this section for qualified property assessed for
 15 property tax purposes in the county in which the property is located on or before the effective date
 16 of the:

17 (A) Designation of the zone; or

18 (B) Approval of a boundary change for the zone if the property is located in an area added to
 19 the zone.

20 (b) An exemption may not be granted for qualified property constructed, added, modified or in-
 21 stalled in the zone or in the process of construction, addition, modification or installation in the
 22 zone on or before the effective date of the:

23 (A) Designation of the zone; or

24 (B) Approval of a boundary change for the zone if the property is located in an area added to
 25 the zone.

26 (c) An exemption may not be granted for any qualified property that was in service within the
 27 zone for more than 12 months by January 1 of the first assessment year for which an exemption
 28 claim is made.

29 (d) An exemption may not be granted for any qualified property unless the property is in use
 30 or occupancy before July 1 of the year immediately following the year during which the completion
 31 of the construction, addition, modification or installation occurred.

32 (e) Except as provided in ORS 285C.245, an exemption may not be granted for qualified property
 33 constructed, added, modified or installed after termination of an enterprise zone.

34 (5) Property is not required to have been exempt under ORS 285C.170 in order to be exempt
 35 under this section.

36 (6) The county assessor shall notify the business firm in writing whenever property is denied
 37 an exemption under this section. The denial of exemption may be appealed to the Oregon Tax Court
 38 under ORS 305.404 to 305.560.

39 (7) For each tax year that the property is exempt from taxation, the assessor shall:

40 (a) Enter on the assessment roll, as a notation, the assessed value of the property as if it were
 41 not exempt under this section.

42 (b) Enter on the assessment roll, as a notation, the amount of additional taxes that would be
 43 due if the property were not exempt.

44 (c) Indicate on the assessment roll that the property is exempt and is subject to potential addi-
 45 tional taxes as provided in ORS 285C.240, by adding the notation "enterprise zone exemption (po-

1 tential additional tax).”

2 **SECTION 5.** ORS 285C.160 is amended to read:

3 285C.160. (1) An eligible business firm seeking authorization under ORS 285C.140 and the spon-
4 sor of the enterprise zone in which the firm intends to invest may enter into a written agreement
5 to extend the period during which the qualified property is exempt from taxation under ORS
6 285C.175 if the firm complies with the terms of the agreement.

7 (2) The period for which the qualified property is to continue to be exempt must be set forth in
8 the agreement and may not exceed [*two*] **three** additional tax years.

9 (3) In order for an agreement under this section to extend the period of exemption, the agree-
10 ment must be executed on or before the date on which the firm is authorized, and:

11 (a) If the enterprise zone is a rural enterprise zone or an urban enterprise zone located inside
12 a metropolitan statistical area of fewer than 400,000 residents, the agreement must require that the
13 firm meet both of the following:

14 (A) Annually compensate all new employees hired by the firm at an average rate of not less than
15 150 percent of the county average annual wage for each assessment year during the tax exemption
16 period, as determined at the time of authorization.

17 (B) Any additional requirement that the sponsor may reasonably request.

18 (b) If the enterprise zone is an urban enterprise zone located inside a metropolitan statistical
19 area of 400,000 residents or more, the agreement must require that the firm meet any additional
20 requirement the sponsor may reasonably require.

21 (4) If a firm enters into an agreement under this section that includes a compensation require-
22 ment under subsection (3)(a)(A) of this section and the firm subsequently submits one or more
23 statements of continued intent under ORS 285C.165, notwithstanding the terms of the agreement
24 made under this section, for each statement of continued intent submitted, the county average an-
25 nual wage under subsection (3)(a)(A) of this section shall be adjusted to a level that is current with
26 the statement.

27 **SECTION 6.** The amendments to ORS 285C.160 and 285C.175 by sections 4 and 5 of this
28 2012 Act apply to property granted exemption under ORS 285C.175 before, on or after the
29 effective date of this 2012 Act.

30 **SECTION 7.** This 2012 Act takes effect on the 91st day after the date on which the 2012
31 regular session of the Seventy-sixth Legislative Assembly adjourns sine die.

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