

House Bill 4107

Sponsored by Representatives PARRISH, WINGARD, Senator DEVLIN; Representatives BREWER, FREDERICK, GILLIAM, MATTHEWS, SCHAUFLER, SHEEHAN, WAND, WEIDNER, WITT, Senator OLSEN (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 **as introduced**.

Requires Department of Revenue to distribute 50 percent of business income taxes attributable to new business or expanded business to local jurisdiction that recruited new business or expanded business. Requires Oregon Business Development Commission to create registry to certify local jurisdiction as recruiting jurisdiction.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to recruitment of business; and prescribing an effective date.

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

SECTION 1. As used in sections 1 to 3 of this 2012 Act:

4
5 (1) **"Expanded business" means the location and conduct of business in a jurisdiction in**
6 **Oregon in which the business entity is not located, by a business entity that is located in**
7 **Oregon.**

8 (2) **"Locate," "located" or "location" means to obtain or possess an interest in real**
9 **property from which a business enterprise will be or is conducted.**

10 (3) **"New business" means the location and conduct of business in Oregon by a business**
11 **entity that is not located in Oregon.**

12 (4) **"Recruiting jurisdiction" means a local jurisdiction certified under section 3 of this**
13 **2012 Act.**

14 **SECTION 2. (1) The Department of Revenue shall distribute, pursuant to subsection (2)**
15 **of this section, the following taxes that are attributable to new business or expanded busi-**
16 **ness:**

17 (a) **Taxes imposed under ORS chapters 317 and 318;**

18 (b) **Taxes imposed under ORS chapter 316 on a distributive share of partnership income**
19 **or on income of a shareholder of an S corporation; and**

20 (c) **Any tax imposed on an S corporation pursuant to ORS 314.740, 314.742 or 317.090.**

21 (2) **The department shall distribute 50 percent of the taxes described in subsection (1) of**
22 **this section as follows:**

23 (a) **60 percent to the recruiting jurisdiction, to be divided equally in the case of multiple**
24 **recruiting jurisdictions.**

25 (b) **40 percent to all local taxing districts in the code area of the recruiting jurisdiction:**

26 (A) **In proportion to the county distribution percentages of all the districts determined**
27 **under ORS 311.390 for the tax year in which the distribution is made; or**

28 (B) **In a manner agreed to by all local taxing districts in the code area.**

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 **(3) Taxes shall be distributed pursuant to subsection (2) of this section for the first five**
2 **tax years that begin after the business entity first conducts business in the recruiting ju-**
3 **risdiction.**

4 **(4) The department may not distribute amounts under this section unless the Director**
5 **of the Department of Revenue obtains:**

6 **(a) A recruiting jurisdiction certificate for each eligible jurisdiction from the Oregon**
7 **Business Development Commission pursuant to section 3 of this 2012 Act; and**

8 **(b) As applicable, the agreement among the local taxing districts directing the division**
9 **of the amount distributed pursuant to subsection (2)(b) of this section.**

10 **(5) The department may adopt rules to implement the provisions of this section.**

11 **SECTION 3. (1) The Oregon Business Development Commission shall create and maintain**
12 **a business recruitment registry for the purpose of certifying local jurisdictions as recruiting**
13 **jurisdictions.**

14 **(2)(a) To preserve a claim as a recruiting jurisdiction, before beginning significant**
15 **recruitment efforts for which a claim may be recognized, a local jurisdiction must file with**
16 **the registry a statement of intent to recruit a specific business entity to locate in the local**
17 **jurisdiction.**

18 **(b) Upon request, the commission shall certify the local jurisdiction as a recruiting ju-**
19 **risdiction if officials of the local jurisdiction file with the registry evidence of:**

20 **(A) A commitment by a business entity to locate and conduct business in the local ju-**
21 **risdiction; and**

22 **(B) Significant efforts by officials of the local jurisdiction that substantially influenced**
23 **the business entity to locate and conduct business in the jurisdiction.**

24 **(3)(a) The commission shall adopt rules for the registry that provide processes by which:**

25 **(A) Local jurisdictions may file the documents described in subsection (2) of this section;**
26 **and**

27 **(B) A local jurisdiction or the Department of Revenue may request, and the commission**
28 **shall provide, the recruiting jurisdiction certificate required under section 2 (4) of this 2012**
29 **Act.**

30 **(b) The commission may establish and charge fees for use of the registry to reimburse**
31 **the commission for the actual costs of complying with this section.**

32 **SECTION 4. The business recruitment registry required under section 3 of this 2012 Act**
33 **must be operational no later than January 1, 2013.**

34 **SECTION 5. This 2012 Act takes effect on the 91st day after the date on which the 2012**
35 **regular session of the Seventy-sixth Legislative Assembly adjourns sine die.**

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