
MEMORANDUM

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To: Transportation and Economic Development Subcommittee

From: Steve Bender, Legislative Fiscal Office
(503) 986-1836

Date: June 18, 2013

Subject: SB 246-A – Oregon Industrial Site Readiness Program
Work Session Recommendations

SB 246-A establishes Oregon Industrial Site Readiness Program Fund and continuously appropriates moneys in the Fund to Oregon Business Development Department (OBDD), and directs the Department to establish and administer Oregon Industrial Site Readiness Program. The Program authorizes OBDD to enter into tax reimbursement arrangements with, and to make loans to, qualified project sponsors for development of certified, regionally significant industrial sites. Allows Department to forgive portions of loans in cases where project sponsor contracts with eligible employer. Limits loans forgiveness to lesser of percentage of eligible site preparation costs or estimated incremental income tax revenues.

The measure, the original staff measure summary, and previously-released fiscal impact statement are available on the Oregon Legislative Information System (OLIS) and are attached to the memorandum.

The Transportation and Economic Development Subcommittee held a public hearing on SB 246-A on 5/13/13.

Amendment

The Legislative Fiscal Office recommends adoption of the SB 246-A16 amendments. These amendments include policy components, provisions to define and authorize the payments project sponsors are eligible to receive under the program, and an increase in the Lottery Funds expenditure limitation to the Oregon Business Development Department of \$179,254 for 2013-15 biennium administrative costs associated with implementing and operating the new program. The budget recommendations associated with the amendments include the addition of one full-time Program Analyst 4 position (0.88 FTE) to the OBDD budget.

The SB 246-A-16 amendments include the following provisions:

- Limit the amount of tax reimbursement arrangements and loan amounts authorized under the program to no more than \$10 million per year.

- Prohibit funds received from the program from being used for environmental remediation of sites listed or proposed to be listed as a national priority pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980.
- Prohibit a site from being eligible for both a tax reimbursement arrangement and a loan agreement under the Oregon Industrial Site Readiness Program.
- Prohibit projects located on industrial sites with a tax reimbursement arrangement or loan agreement from also being included for purposes of payments from the Shared Services Fund (a.k.a., “Gain Share Program”).

Motion #1: Move the –A16 amendments to SB 246-A.

Measure as Modified

The measure, as amended, is recommended to be moved to the full Committee on Joint Ways and Means.

Motion #2: Move SB 246-A to the full committee with a “do pass” recommendation, as amended.

Assignment of Carriers

Full: _____

Senate Floor: _____

House Floor: _____

**PROPOSED AMENDMENTS TO
A-ENGROSSED SENATE BILL 246**

1 On page 1 of the printed A-engrossed bill, line 2, after the first semicolon
2 insert “creating new provisions; amending ORS 285C.635 and 316.502;” and
3 after “money;” insert “limiting expenditures;”.

4 In line 21, delete “in ORS 314.610” and insert “pursuant to rules adopted
5 by the Oregon Business Development Department”.

6 On page 2, line 2, delete “one or more”.

7 In line 3, after “least” delete the rest of the line and line 4 and insert
8 “150 percent of the county or state average wage, whichever is less.”.

9 Delete lines 36 through 45 and delete page 3.

10 On page 4, delete lines 1 through 5 and insert:

11 “(8) ‘Wage’ has the meaning given that term pursuant to rules adopted
12 by the Oregon Business Development Department.

13 **“SECTION 3. (1) In consultation with the Department of Revenue,
14 the Oregon Business Development Department shall establish and ad-
15 minister the Oregon Industrial Site Readiness Program. The purpose
16 of the program is to:**

17 **“(a) Enter into tax reimbursement arrangements with qualified
18 project sponsors pursuant to subsection (5) of this section; or**

19 **“(b) Provide loans, including forgivable loans, to qualified project
20 sponsors pursuant to subsection (5) of this section.**

21 **“(2)(a) Subject to standards and procedures that the Oregon Busi-
22 ness Development Department shall establish by rule, the department**

1 shall certify regionally significant industrial sites for inclusion in the
2 program.

3 “(b) A regionally significant industrial site certified under this sec-
4 tion must be an industrial site that is planned and zoned for industrial
5 use.

6 “(3) A project sponsor may apply to participate in the program by
7 submitting an application and development plan in writing in a form
8 prescribed by the department by rule.

9 “(4) The department shall establish by rule criteria and standards
10 for the qualification of project sponsors to participate in the program.

11 “(5) Upon qualification of a project sponsor under this section, and
12 before July 1, 2023, the department may:

13 “(a) Enter into a tax reimbursement arrangement with the project
14 sponsor pursuant to which the project sponsor shall receive an amount
15 equal to 50 percent of the estimated incremental income tax revenues
16 generated by an eligible employer per tax year, beginning with the tax
17 year following the fifth tax year in which a project sponsor is qualified
18 under this section, until the total investment of the qualified project
19 sponsor in the eligible site preparation costs, including interest, es-
20 tablished under subsection (7) of this section has been recovered, at
21 which time the tax reimbursement arrangement shall end; or

22 “(b) Enter into a loan agreement with the project sponsor under
23 terms and conditions specified and required by the department. In
24 making a determination to enter into a loan agreement with the
25 project sponsor, the department shall consider the reasonableness of
26 the project sponsor’s estimated costs to prepare the site for industrial
27 use, including but not limited to eligible site preparation costs estab-
28 lished by the department pursuant to subsection (7) of this section.
29 The agreement may specify that a portion of the loan may be forgiven
30 if the project sponsor enters into a contract with an eligible employer

1 to conduct a business in the traded sector industry on a regionally
2 significant industrial site within seven years after the project sponsor
3 was qualified under this section.

4 “(6)(a) The total amount of the loan that may be forgiven under
5 subsection (5) of this section is the lesser of:

6 “(A) Fifty percent of the total cost of eligible site preparation costs;
7 or

8 “(B) Fifty percent of the amount of the estimated incremental in-
9 come tax revenues for the eligible employer for the term of the loan.

10 “(b) Loan forgiveness may not be allowed under subsection (5) of
11 this section if any portion of the loan that would not be forgiven would
12 be repaid by the project sponsor with state funds received from any
13 source.

14 “(7) The department shall establish, by rule, eligible site prepara-
15 tion costs including, but not limited to, some or all of the following:

16 “(a) Acquisition and assembly costs associated with creating large
17 development parcels.

18 “(b) Transportation improvements such as access roads, inter-
19 sections, turning lanes, signals, sidewalks, curbs, transit stops and
20 storm drains.

21 “(c) Water and sewer infrastructure.

22 “(d) Natural resource mitigation.

23 “(e) Site grading activities.

24 “(f) Environmental remediation and mitigation activities to address
25 brownfields issues in accordance with state and federally approved re-
26 mediation plans.

27 “(g) Planning, engineering and administrative costs associated with
28 applying for necessary local, state and federal permits.

29 “(h) Interest-carrying costs incurred by a project sponsor for
30 amounts borrowed to develop a regionally significant industrial site,

1 not to exceed 20 percent of the total amount forgiven, if any, under
2 subsection (5) of this section.

3 “(8) The total amount of tax reimbursement arrangements and loan
4 amounts authorized under this section may not exceed \$10 million per
5 year.

6 “(9) Funds received pursuant to a tax reimbursement arrangement
7 or a loan agreement under subsection (5) of this section may not be
8 used for the payment of:

9 “(a) A penalty or fine; or

10 “(b) Environmental remediation activities conducted at a regionally
11 significant industrial site that is listed or proposed to be listed as a
12 national priority pursuant to the Comprehensive Environmental Re-
13 sponse, Compensation, and Liability Act of 1980 (42 U.S.C. 9605) for
14 which the project sponsor, eligible employer or any party to the tax
15 reimbursement arrangement or loan agreement is liable under 42
16 U.S.C. 9607 at that regionally significant industrial site.

17 “(10) The department shall adopt rules to administer and implement
18 the provisions of this section including, but not limited to, the devel-
19 opment of performance measures for eligible employers regarding job
20 creation and compensation under section 2 (2)(b) of this 2013 Act.

21 **“SECTION 4. (1) Beginning with the tax year following the fifth tax**
22 **year in which a project sponsor was qualified under section 3 of this**
23 **2013 Act, on or before April 1 following each tax year in which em-**
24 **ployees of an eligible employer will be required to pay personal income**
25 **taxes under ORS chapter 316, the eligible employer and the project**
26 **sponsor with which the eligible employer has entered into a contract**
27 **under sections 1 to 5 of this 2013 Act shall submit a report to the**
28 **Oregon Business Development Department, in addition to any other**
29 **reporting or filing requirement, that contains the annual amount of**
30 **taxable income and total compensation paid to employees of the eligi-**

1 ble employer and any other information that may be required by the
2 Oregon Business Development Department and the Oregon Depart-
3 ment of Administrative Services under this section.

4 “(2) Upon receipt of information compiled under subsection (1) of
5 this section, the Oregon Department of Administrative Services shall
6 determine the annual amount of estimated incremental income tax
7 revenues generated by an eligible employer per tax year, beginning
8 with the tax year following the fifth tax year in which a project
9 sponsor was qualified under section 3 of this 2013 Act.

10 “(3) In determining the amount of estimated incremental income
11 tax revenues generated by an eligible employer under this section, the
12 Oregon Department of Administrative Services may rely on reasonable
13 techniques of estimation, if appropriate.

14 “(4) Not later than May 15 of each fiscal year, the Oregon Depart-
15 ment of Administrative Services shall certify the amounts determined
16 under subsection (2) of this section to the Department of Revenue, the
17 Legislative Revenue Officer and the Legislative Fiscal Officer.

18 “(5) Not later than June 15 of each fiscal year, after receiving the
19 certification under subsection (4) of this section, the Department of
20 Revenue shall transfer to the Oregon Industrial Site Readiness Pro-
21 gram Fund established in section 5 of this 2013 Act an amount equal
22 to 50 percent of the amount of estimated incremental income tax rev-
23 enues certified under subsection (4) of this section.

24 “(6) The Department of Revenue shall retain unreceipted revenue
25 from the tax imposed under ORS chapter 316 in an amount necessary
26 to make the transfers required under subsection (5) of this section.
27 The department shall make the transfers out of the unreceipted reve-
28 nue in lieu of paying the revenue over to the State Treasurer for de-
29 posit in the General Fund.

30 “(7) The Oregon Business Development Department and the Oregon

1 **Department of Administrative Services shall adopt rules necessary to**
2 **administer this section. The Department of Revenue may adopt rules**
3 **necessary to administer this section.”.**

4 In line 9, before the period insert “, including but not limited to moneys
5 transferred by the Department of Revenue to the fund under section 4 of this
6 2013 Act”.

7 After line 13, insert:

8 **“SECTION 6.** ORS 285C.635 is amended to read:

9 “285C.635. (1) Upon receipt of information compiled under ORS 285C.615,
10 the Oregon Department of Administrative Services shall determine the an-
11 nual amount of personal income tax revenue attributable to each eligible
12 project for which an eligible business firm received a property tax exemption
13 under ORS 307.123.**The amount of personal income tax revenue attrib-**
14 **utable to each eligible project under this subsection may not include**
15 **personal income tax revenue attributable to the estimated incremental**
16 **income tax revenues generated by an eligible employer in connection**
17 **with a tax reimbursement arrangement or loan agreement that has**
18 **been entered into under the Oregon Industrial Site Readiness Program**
19 **established by section 3 of this 2013 Act.**

20 “(2) In determining the amount of personal income tax revenue attribut-
21 able to each eligible project, the department may rely on reasonable tech-
22 niques of estimation, if appropriate.

23 “(3) In each fiscal year, the department shall transfer 50 percent of the
24 cumulative amount for all eligible projects determined under subsection (1)
25 of this section to the Shared Services Fund established in ORS 285C.639.

26 “(4) The department shall adopt rules necessary to administer this section.

27 **“SECTION 7.** ORS 316.502 is amended to read:

28 “316.502. (1) The net revenue from the tax imposed by this chapter, after
29 deducting refunds **and amounts described in section 4 of this 2013 Act,**
30 shall be paid over to the State Treasurer and held in the General Fund as

1 miscellaneous receipts available generally to meet any expense or obligation
2 of the State of Oregon lawfully incurred.

3 “(2) A working balance of unreceipted revenue from the tax imposed by
4 this chapter may be retained for the payment of refunds, but such working
5 balance shall not at the close of any fiscal year exceed the sum of \$1 million.

6 “(3) Moneys are continuously appropriated to the Department of Revenue
7 to make:

8 “(a) The refunds authorized under subsection (2) of this section; and

9 “(b) The refund payments in excess of tax liability authorized under ORS
10 315.262 and 315.266 and section 17, chapter 906, Oregon Laws 2007.

11 **“SECTION 8. Notwithstanding any other law limiting expenditures,**
12 **the limitation on expenditures established by section 3 (1), chapter**
13 **_____, Oregon Laws 2013 (Enrolled House Bill 5028), for the biennium**
14 **beginning July 1, 2013, as the maximum limit for payment of expenses**
15 **from lottery moneys allocated from the Administrative Services Eco-**
16 **nomic Development Fund to the Oregon Business Development De-**
17 **partment, is increased by \$179,254 for the Oregon Industrial Site**
18 **Readiness Program.”.**

19 In line 14, delete “6” and insert “9”.

20 In line 18, delete “7” and insert “10”.

21 _____

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended, Be Printed Engrossed, and Be Referred to the Committee on Ways and Means by Prior Reference
Vote:	5 - 1 - 0
Yeas:	Edwards, Girod, Monroe, Starr, Beyer
Nays:	Thomsen
Exc.:	0
Prepared By:	Patrick Brennan, Administrator
Meeting Dates:	3/18, 4/15

WHAT THE MEASURE DOES: Establishes Oregon Industrial Site Readiness Program Fund and continuously appropriates moneys from Fund to Oregon Business Development Department. Directs Department to establish and administer Oregon Industrial Site Readiness Program to enter into tax reimbursement arrangements with, and to make loans to, qualified project sponsors for development of certified, regionally significant industrial sites. Allows Department to forgive portions of loans in cases where project sponsor contracts with eligible employer. Limits loan forgiveness to lesser of percentage of eligible site preparation costs or estimated incremental income tax revenues. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Impact of limited supply of large industrial sites
- Findings of study on site readiness in Portland metro area and statewide
- Potential economic and job growth of improved industrial site availability
- Potential environmental impacts

EFFECT OF COMMITTEE AMENDMENT: Replaces references to “state and regional industrial sites” with “regionally industrial sites.” Revises definitions of “project sponsor” and “regionally significant industrial site.” Allows Department to enter into tax reimbursement arrangements with qualified project sponsors. Revises qualification for regionally significant site for purposes of measure. Extends from five years to seven years the time limit for forgiveness of loan when a project sponsor enters into a contract to conduct business with an eligible employer in the traded sector industry on a regionally significant industrial site.

BACKGROUND: Currently, there is a lack of large sites available for industrial development in Oregon. Such sites are considered an integral part of efforts to expand and improve the state’s economy and to attracting and retaining large employers to the state. There has been a consistent interest in potential sites for industrial development of 50 acres and up, even through the recent recession. Senate Bill 766 (2011) sought to address this by providing a process for expediting the review and permitting process for significant industrial sites.

Senate Bill 246-A establishes the Industrial Site Readiness Program, which includes a fund through which the Oregon Business Development Department would be able to make loans or provide tax reimbursement for development of industrial sites designated as regionally significant.

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 246 - A

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office

***Only Impacts on Original or Engrossed
Versions are Considered Official***

Prepared by: Krista McDowell
Reviewed by: Steve Bender
Date: 4/18/2013

Measure Description:

Requires Oregon Business Development Department to establish and administer Oregon Industrial Site Readiness Program to make loans to qualified project sponsors for development of certified state and regionally significant industrial sites.

Government Unit(s) Affected:

Business Development Department (Business Oregon)

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

This fiscal impact statement is for the purpose of transmitting the measure from the Senate Committee on Business and Transportation to the Joint Committee on Ways and Means. Initial fund allocation and biannual appropriation will need to be determined in addition to clarifying qualifications regarding loan forgiveness. The Business Development Department anticipates having a fiscal impact associated with this bill, the amount of this impact is still being determined. A more complete fiscal analysis on the bill will be prepared as the measure is considered in the Joint Committee on Ways and Means

Further Analysis Required

**REVENUE IMPACT OF
PROPOSED LEGISLATION
Seventy-Seventh Oregon Legislative
Assembly
2013 Regular Session
Legislative Revenue Office**

**Bill Number: SB 246-A
Revenue Area: General fund/lottery
Economist: Mazen Malik
Date: 04/21/2013**

***Only Impacts on Original or Engrossed
Versions are Considered Official***

Measure Description:

Requires Oregon Business Development Department to establish and administer Oregon Industrial Site Readiness Program to make loans to qualified project sponsors for development of certified state and regionally significant industrial sites.

Revenue Impact (in \$Millions):

The establishment of the fund and the way by which it will be seeded will have impacts on revenue. This measure is referred to the Joint committee on ways and means. This statement is issued to assist in this movement.

Impact Explanation:

This Measure establishes the Industrial Site Readiness Program, which includes a fund through which the Oregon Business Development Department would be able to make loans for development of industrial sites designated as regionally or state significant. This measure as it develops and gets amended will have a change and impacts on state revenue. This will be further examined as it moves to the ways and means committee.

Creates, Extends, or Expands Tax Expenditure: Yes No

The loan forgiveness portion of this measure might be a tax expenditure that needs to be evaluated.

Further Analysis Required

A-Engrossed
Senate Bill 246

Ordered by the Senate April 22
Including Senate Amendments dated April 22

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Business, Transportation and Economic Development)

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 establish and administer Oregon Industrial Site Readiness Program to **enter into tax reimbursement arrangements with, or to make loans to, qualified project sponsors for development of certified [*state and*] regionally significant industrial sites. Allows department to forgive portions of loans where project sponsor contracts with eligible employer. Limits loan forgiveness to lesser of percentage of eligible site preparation costs or estimated incremental income tax revenues.**

Establishes Oregon Industrial Site Readiness Program Fund. Continuously appropriates moneys in fund to Oregon Business Development Department.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to the Oregon Industrial Site Readiness Program; appropriating money; and prescribing an
3 effective date.

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

5 **SECTION 1. The Legislative Assembly finds that:**

6 **(1) Traded sector industries are the foundation of state and regional economic develop-**
7 **ment strategies for long-term prosperity and job creation.**

8 **(2) Industrial development that provides new traded sector jobs reinforces the economies**
9 **of local and regional communities and contributes to the economic recovery of the State of**
10 **Oregon.**

11 **(3) There is a shortage of market-ready regional industrial sites in this state. Project**
12 **sponsors have limited financial tools to facilitate development of significant and complex in-**
13 **dustrial sites that are appropriate for traded sector industrial use.**

14 **(4) Public assistance is necessary to overcome development-related constraints and to**
15 **incentivize industrial site development in this state.**

16 **(5) The State of Oregon has a significant interest in the success of regional economic**
17 **development strategies and is the primary beneficiary from increased income tax revenues**
18 **generated by such economic development. These revenues should be shared and invested in**
19 **facilitating significant site development for traded sector industrial use in this state.**

20 **SECTION 2. As used in sections 1 to 5 of this 2013 Act:**

21 **(1) "Compensation" has the meaning given that term in ORS 314.610.**

22 **(2) "Eligible employer" means an employer that:**

23 **(a) Has entered into a contract with a project sponsor to conduct a business in the traded**

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 sector industry on a regionally significant industrial site; and

2 (b) Has hired one or more full-time employees who are residents of this state and whose
3 compensation averages at least the county or state average in annual per employee com-
4 pensation, whichever is less.

5 (3) "Estimated incremental income tax revenues" means the Oregon personal income tax
6 revenues that are estimated pursuant to section 4 of this 2013 Act to be substantially
7 equivalent to the amount of tax that employees of an eligible employer who are hired after
8 the eligible employer enters into a contract with a qualified project sponsor to conduct a
9 traded sector business on a certified regionally significant industrial site will be required to
10 pay under ORS chapter 316 as a result of compensation paid to the employees by the eligible
11 employer in the tax years beginning with the tax year following the fifth tax year in which
12 a project sponsor was qualified under section 3 of this 2013 Act.

13 (4) "Industrial use" means employment activities, including but not limited to manufac-
14 turing, assembly, fabrication, processing, storage, logistics, warehousing, importation, dis-
15 tribution, transshipment and research and development, that generate income from the
16 production, handling or distribution of goods or services, including goods or services in the
17 traded sector.

18 (5) "Project sponsor" means:

19 (a) A public owner of a regionally significant industrial site that is investing in prepara-
20 tion of the site for industrial use by a third party; or

21 (b) A public entity that has entered into a development or other agreement with the
22 private owner of a regionally significant industrial site to prepare the site for industrial use.

23 (6) "Regionally significant industrial site" means an area planned and zoned for industrial
24 use that:

25 (a)(A) Contains a site or sites, including brownfields, that are suitable for the location
26 of new industrial uses or the expansion of existing industrial uses and that can provide sig-
27 nificant additional employment in the region;

28 (B) Has site characteristics that give the area significant competitive advantages that
29 are difficult or impossible to replicate in the region; and

30 (C) Has superior access to transportation and freight infrastructure, including but not
31 limited to rail, port, airport, multimodal freight or transshipment facilities and other major
32 transportation facilities or routes; or

33 (b) Is land designated by Metro, as defined in ORS 197.015, as a regionally significant in-
34 dustrial area.

35 (7) "Traded sector" has the meaning given that term in ORS 285A.010.

36 **SECTION 3.** (1) In consultation with the Department of Revenue, the Oregon Business
37 Development Department shall establish and administer the Oregon Industrial Site Readiness
38 Program. The purpose of the program is to:

39 (a) Enter into tax reimbursement arrangements with qualified project sponsors pursuant
40 to subsection (5) of this section; or

41 (b) Provide loans, including forgivable loans, to qualified project sponsors pursuant to
42 subsection (5) of this section.

43 (2)(a) Subject to standards and procedures that the Oregon Business Development De-
44 partment shall establish by rule, the department shall certify regionally significant industrial
45 sites for inclusion in the program.

1 (b) A regionally significant industrial site certified under this section must be an indus-
2 trial site that is planned and zoned for industrial use.

3 (3) A project sponsor may apply to participate in the program by submitting an applica-
4 tion and development plan in writing in a form prescribed by the department by rule.

5 (4) The department shall establish by rule criteria and standards for the qualification of
6 project sponsors to participate in the program.

7 (5) Upon qualification of a project sponsor under this section, the department may:

8 (a) Enter into a tax reimbursement arrangement with the project sponsor pursuant to
9 which the project sponsor shall receive 50 percent of the estimated incremental income tax
10 revenues generated by an eligible employer per tax year until the total investment of the
11 qualified project sponsor in the eligible site preparation costs established under subsection
12 (7) of this section has been recovered. The tax reimbursement arrangement shall end upon
13 recovery of all eligible site preparation costs, including interest.

14 (b) Enter into a loan agreement with the project sponsor under terms and conditions
15 specified and required by the department. The agreement may specify that a portion of the
16 loan may be forgiven if the project sponsor enters into a contract with an eligible employer
17 to conduct a business in the traded sector industry on a regionally significant industrial site
18 within seven years after the project sponsor was qualified under this section.

19 (6) The total amount of the loan forgiveness that may be allowed under subsection (5)
20 of this section is the lesser of:

21 (a) 50 percent of the total cost of eligible site preparation costs; or

22 (b) 50 percent of the amount of the estimated incremental income tax revenues for the
23 eligible employer.

24 (7) The department shall establish, by rule, eligible site preparation costs including, but
25 not limited to, some or all of the following:

26 (a) Acquisition and assembly costs associated with creating large development parcels.

27 (b) Transportation improvements such as access roads, intersections, turning lanes,
28 signals, sidewalks, curbs, transit stops and storm drains.

29 (c) Water and sewer infrastructure.

30 (d) Natural resource mitigation.

31 (e) Site grading activities.

32 (f) Environmental remediation and mitigation activities to address brownfields issues in
33 accordance with state and federally approved remediation plans.

34 (g) Planning, engineering and administrative costs associated with applying for necessary
35 local, state and federal permits.

36 (h) Interest-carrying costs incurred by a project sponsor for borrowing undertaken to
37 develop a regionally significant industrial site, not to exceed 20 percent of the total amount
38 forgiven, if any, under subsection (5) of this section.

39 **SECTION 4.** The Director of the Oregon Business Development Department, in consul-
40 tation with the Director of the Department of Revenue, shall:

41 (1) Determine the amount of estimated incremental income tax revenues attributable to
42 each certified regionally significant industrial site.

43 (2) Rely on reasonable techniques of estimation in making the determination under sub-
44 section (1) of this section.

45 (3) Transfer 50 percent of the amount determined under subsection (1) of this section to

1 the Oregon Industrial Site Readiness Program Fund established in section 5 of this 2013 Act.

2 (4) Disburse moneys to eligible project sponsors from the Oregon Industrial Site Read-
3 iness Program Fund as provided in the tax reimbursement arrangements or loan agreements
4 entered into under section 3 of this 2013 Act.

5 (5) Adopt rules to administer and implement the provisions of this section.

6 **SECTION 5.** The Oregon Industrial Site Readiness Program Fund is established in the
7 State Treasury, separate and distinct from the General Fund. The Oregon Industrial Site
8 Readiness Program Fund consists of amounts deposited in the fund and other moneys
9 transferred to the fund. Amounts in the fund are continuously appropriated to the Oregon
10 Business Development Department for the purposes of entering into tax reimbursement ar-
11 rangements and making loans under section 3 of this 2013 Act and paying the costs and ex-
12 penses of the Oregon Business Development Department in connection with the
13 implementation and administration of sections 1 to 5 of this 2013 Act.

14 **SECTION 6.** The Oregon Business Development Department shall report on the Oregon
15 Industrial Site Readiness Program to the committees of the Seventy-eighth Legislative As-
16 sembly with authority over the subject area of economic development during the 2015 regular
17 session.

18 **SECTION 7.** This 2013 Act takes effect on the 91st day after the date on which the 2013
19 regular session of the Seventy-seventh Legislative Assembly adjourns sine die.

20