

# House Bill 3381

Sponsored by Representative PARRISH

## 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 transfer to Business Recruitment Fund 50 percent of revenue from personal income taxes attributable to new business or expanded business for distribution to community that recruited new business or expanded business. Requires Oregon Business Development Department to certify community for purposes of distributions.

Establishes Business Recruitment Fund. Continuously appropriates moneys in fund to Oregon Department of Administrative Services for purposes of funding infrastructure projects.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to recruitment of business; appropriating money; 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 4 of this 2013 Act:**

4  
5 (1) **"Certified community" means a community for which the Oregon Business Develop-**  
6 **ment Department has issued a certificate of participation under section 2 of this 2013 Act.**

7 (2) **"Expanded business" means the location and conduct of business by a business entity**  
8 **that is located in Oregon in a community in Oregon in which the business entity is not lo-**  
9 **cated.**

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

12 (4) **"New business" means the location and conduct of business in Oregon by a business**  
13 **entity that is not located in Oregon.**

14 **SECTION 2. (1) Personal income tax revenue attributable to an expanded business or a**  
15 **new business may not be taken into account under section 3 of this 2013 Act unless the Di-**  
16 **rector of the Department of Revenue obtains from the Oregon Business Development De-**  
17 **partment in the manner described in this section a substantiating letter from a certified**  
18 **community, a company information form, a certificate of participation and the business**  
19 **entity's base full-time equivalent (FTE) and base payroll relating to the expanded business**  
20 **or new business.**

21 (2) **The Oregon Business Development Department may issue a certificate of partic-**  
22 **ipation with respect to a community only if the community:**

23 (a) **Notifies the department in writing of a prospective expanded business or new business**  
24 **opportunity;**

25 (b) **Notifies the department in writing that the business entity has decided to locate the**  
26 **expanded business or new business in the community;**

27 (c) **Submits a letter substantiating the community's participation in the business entity's**  
28 **decision in one of the following ways:**

**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) The community has waived system development charges or permit fees with respect  
2 to the expanded business or new business;

3 (B) The community has agreed to install improvements to infrastructure that will benefit  
4 the expanded business or new business;

5 (C) The community has paid other financial incentives directly to the business entity;

6 (D) The community has agreed to a reduced lease rate or a below-market sales price for  
7 property to be used in the conduct of the expanded business or new business; or

8 (E) The community has made other, nonfinancial efforts to influence the business  
9 entity's decision; and

10 (d) Includes with the letter a company information form for the business entity.

11 (3)(a) Upon receipt of the materials required under subsection (2) of this section, the  
12 Oregon Business Development Department shall determine whether the materials are com-  
13 plete and accurate.

14 (b) If the materials are determined to be incomplete or inaccurate, the department shall  
15 notify the community as soon as practicable of its determination. The community may re-  
16 submit complete and accurate materials within 20 days of notification under this paragraph.

17 (c) If the materials are determined to be complete and accurate, the department shall:

18 (A) Issue a certificate of participation for the community with respect to the expanded  
19 business or new business;

20 (B) Compute the business entity's base FTE and base payroll for the expanded business  
21 or new business; and

22 (C) Forward the materials received from the community, the certificate of participation  
23 and the business entity's base FTE and base payroll to the Department of Revenue.

24 (4)(a) The Oregon Business Development Department shall adopt rules that establish the  
25 processes by which communities may submit the materials required under subsection (2) of  
26 this section.

27 (b) The Oregon Business Development Department may establish and charge fees to re-  
28 imburse the department for the actual costs incurred by the department under this section.

29 **SECTION 3.** (1) On or before April 1 of the first fiscal year for which personal income  
30 tax revenue is attributable to employees employed by an expanded business or a new business  
31 in a certified community and for the nine fiscal years immediately following the first year,  
32 the Department of Revenue shall determine the estimated annual amount of personal income  
33 tax revenue attributable to the business entity's base full-time equivalent (FTE) and base  
34 payroll.

35 (2) Not later than May 15 of each fiscal year described in subsection (1) of this section,  
36 the Department of Revenue shall certify the cumulative amount of revenue determined un-  
37 der subsection (1) of this section to the Oregon Business Development Department, the  
38 Oregon Department of Administrative Services, the Legislative Revenue Officer and the  
39 Legislative Fiscal Officer.

40 (3) Not later than June 15 of each fiscal year described in subsection (1) of this section,  
41 the Department of Revenue shall transfer an amount equal to 50 percent of the cumulative  
42 amount certified under subsection (2) of this section to the Business Recruitment Fund es-  
43 tablished in section 4 of this 2013 Act.

44 (4) The Department of Revenue shall retain unreceipted revenue from the tax imposed  
45 under ORS chapter 316 in an amount necessary to make the transfer required under sub-

1 section (3) of this section. The department shall make the transfer out of the unreceipted  
 2 revenue in lieu of paying the revenue over to the State Treasurer for deposit in the General  
 3 Fund.

4 (5) The Department of Revenue shall adopt rules necessary to administer this section.

5 **SECTION 4.** (1)(a) The Business Recruitment Fund is established in the State Treasury,  
 6 separate and distinct from the General Fund. Interest earned by the Business Recruitment  
 7 Fund shall be credited to the Business Recruitment Fund.

8 (b) The State Treasurer shall keep separate accounts within the Business Recruitment  
 9 Fund of amounts, including interest, attributable to each certified community.

10 (2) All moneys in the Business Recruitment Fund are continuously appropriated to the  
 11 Oregon Department of Administrative Services for the purpose of making distributions de-  
 12 scribed in subsection (3) of this section.

13 (3)(a) Moneys may be distributed from the Business Recruitment Fund solely for the  
 14 purpose of funding infrastructure projects within the certified community to which the  
 15 moneys are distributed. For purposes of this section, “infrastructure projects” includes  
 16 projects that benefit other communities in addition to the certified community.

17 (b) A certified community may request distribution of an amount not greater than the  
 18 amount of moneys separately attributable to the certified community.

19 (c) A request must be accompanied by an explanation of the infrastructure project for  
 20 which the moneys will be expended.

21 (4) As soon as practicable after receiving a request under subsection (3) of this section,  
 22 and after determining the amount of moneys separately attributable to the certified com-  
 23 munity, the department shall distribute to the certified community the lesser of the amount  
 24 requested or the amount separately attributable to the certified community.

25 (5)(a) A certified community may use any amount of moneys in the Business Recruit-  
 26 ment Fund that is separately attributable to the certified community as security for bonds  
 27 issued to fund infrastructure projects for which the certified community could receive a  
 28 distribution under this section.

29 (b) Amounts pledged as security under this subsection may not be distributed or other-  
 30 wise pledged as security until the bonds for which the amounts are pledged as security are  
 31 repaid.

32 (6) Upon request, the department shall furnish the Oregon Business Development De-  
 33 partment with information on the recipients of the distributions and the amounts distributed  
 34 under this section.

35 **SECTION 5.** This 2013 Act takes effect on the 91st day after the date on which the 2013  
 36 regular session of the Seventy-seventh Legislative Assembly adjourns sine die.

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