

A-Engrossed
Senate Bill 245

Ordered by the Senate April 17
Including Senate Amendments dated April 17

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.

Authorizes designation of enterprise zone and zone and city for electronic commerce, addition of zone cosponsor and change of enterprise zone boundary without application process, subject to determination by Oregon Business Development Department that certain statutory requirements met.

Requires notification of department at least 60 days before designation, addition or change, and consultation with department.

Lowers minimum cost requirement for qualified property used in electronic commerce outside zone for electronic commerce.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to enterprise zones; creating new provisions; amending ORS 285C.050, 285C.060, 285C.065,
3 285C.067, 285C.068, 285C.070, 285C.080, 285C.090, 285C.095, 285C.100, 285C.105, 285C.115,
4 285C.120, 285C.135, 285C.175, 285C.180, 285C.185, 285C.245, 285C.250 and 315.507; repealing ORS
5 285C.066 and 285C.075; and prescribing an effective date.

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

7 **SECTION 1.** ORS 285C.050 is amended to read:

8 285C.050. As used in ORS 285C.050 to 285C.250, unless the context requires otherwise:

9 (1) "Assessment date" and "assessment year" have the meanings given those terms in ORS
10 308.007.

11 (2) "Authorized business firm" means an eligible business firm that has been authorized under
12 ORS 285C.140.

13 (3) "Business firm" means a person operating or conducting one or more trades or businesses,
14 a people's utility district organized under ORS chapter 261 or a joint operating agency formed under
15 ORS chapter 262, but does not include any other governmental agency, municipal corporation or
16 nonprofit corporation.

17 (4) "County average annual wage" means:

18 (a) The most recently available average annual covered payroll for the county in which the en-
19 terprise zone is located, as determined by the Employment Department; or

20 (b) If the enterprise zone is located in more than one county, the highest county average annual
21 wage as determined under paragraph (a) of this subsection.

22 (5) "Electronic commerce" means engaging in commercial or retail transactions predominantly
23 over the Internet or a computer network, utilizing the Internet as a platform for transacting busi-

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 ness, or facilitating the use of the Internet by other persons for business transactions, and may be
2 further defined by the Oregon Business Development Department by rule.

3 (6) "Eligible business firm" means a firm engaged in an activity described under ORS 285C.135
4 that may file an application for authorization under ORS 285C.140.

5 (7) "Employee" means a person who works more than 32 hours per week, but does not include
6 a person with a temporary or seasonal job or a person hired solely to construct qualified property.

7 (8) "Enterprise zone" means one of the 30 areas designated or terminated and redesignated by
8 order of the Governor under ORS 284.160 (1987 Replacement Part) before October 3, 1989, one of the
9 areas designated [by the Director of the Oregon Business Development Department under ORS
10 285C.080] **under ORS 285C.065**, a federal enterprise zone area designated under ORS 285C.085, an
11 area designated under ORS 285C.250 or a reservation enterprise zone designated, or a reservation
12 partnership zone cosponsored, under ORS 285C.306.

13 (9) "Federal enterprise zone" means any discrete area wholly or partially within this state that
14 is designated as an empowerment zone, an enterprise community, a renewal community or some
15 similar designation for purposes of improving the economic and community development of the area.

16 (10) "First-source hiring agreement" means an agreement between an authorized business firm
17 and a publicly funded job training provider whereby the provider refers qualified candidates to the
18 firm for new jobs and job openings in the firm.

19 (11) "In service" means being used or occupied or fully ready for use or occupancy for com-
20 mercial purposes consistent with the intended operations of the business firm as described in the
21 application for authorization.

22 (12) "Modification" means modernization, renovation or remodeling of an existing building,
23 structure or real property machinery or equipment.

24 (13) "New employees hired by the firm":

25 (a) Includes only those employees of an authorized business firm engaged for a majority of their
26 time in eligible operations.

27 (b) Does not include individuals employed in a job or position that:

28 (A) Is created and first filled after December 31 of the first tax year in which qualified property
29 of the firm is exempt under ORS 285C.175;

30 (B) Existed prior to the submission of the relevant application for authorization; or

31 (C) Is performed primarily at a location outside of the enterprise zone.

32 (14) "Publicly funded job training provider" includes but is not limited to a community college,
33 a service provider under the federal Workforce Investment Act Title I-B (29 U.S.C. 2801 et seq.), or
34 a similar program.

35 (15) "Qualified business firm" means a business firm described in ORS 285C.200, the qualified
36 property of which is exempt from property tax under ORS 285C.175.

37 (16) "Qualified property" means property described under ORS 285C.180.

38 (17) "Rural enterprise zone" means:

39 (a) An enterprise zone located in an area of this state in which an urban enterprise zone could
40 not be located; or

41 (b) A reservation enterprise zone designated, or a reservation partnership zone cosponsored,
42 under ORS 285C.306.

43 (18) "Sparsely populated county" means a county with a density of 100 or fewer persons per
44 square mile, based on the most recently available population figure for the county from the Portland
45 State University Population Research Center.

1 (19) "Sponsor" means:

2 (a) The city, county or port, or any combination of cities, counties or ports, that received ap-
3 proval of an enterprise zone under ORS 284.150 and 284.160 (1987 Replacement Part)[, *under ORS*
4 *285C.065 and 285C.075,*] **or** under ORS 285C.085 **or that designated an enterprise zone** under ORS
5 **285C.065 or** 285C.250;

6 (b) The tribal government, in the case of a reservation enterprise zone;

7 (c) The tribal government and the cosponsoring city, county or port, in the case of a reservation
8 partnership zone; or

9 (d) A city, county or port that joined the enterprise zone through a boundary change under ORS
10 285C.115 (7) or a port that joined the enterprise zone under ORS 285C.068.

11 (20) "Tax year" has the meaning given that term in ORS 308.007.

12 (21) "Urban enterprise zone" means an enterprise zone in a metropolitan statistical area, as
13 defined by the most recent federal decennial census, that is located inside a regional or metropolitan
14 urban growth boundary.

15 (22) "Year" has the meaning given that term in ORS 308.007.

16 **SECTION 2.** ORS 285C.060 is amended to read:

17 285C.060. In addition to any other powers granted by law, for the purpose of administering ORS
18 285C.050 to 285C.250, the Oregon Business Development Department shall:

19 (1) Adopt any rules the department considers necessary [*to administer*] **for the performance**
20 **of the department's duties under** ORS 285C.050 to 285C.250.

21 (2) Assist a sponsor of an enterprise zone in its efforts to retain, expand, start or recruit eligible
22 business firms.

23 (3) Assist an eligible business firm doing business within an enterprise zone to obtain the bene-
24 fits of applicable incentive or inducement programs authorized by Oregon law.

25 (4) Take action necessary to participate in the federal enterprise zone program pursuant to ORS
26 285C.085.

27 [(5) *Process sponsor requests for boundary amendments under ORS 285C.115.*]

28 [(6)] (5) Take action necessary to [*terminate or designate zones under ORS 285C.245 or*
29 *285C.250*] **ensure that zones designated by sponsors comply with statutory requirements.**

30 [(7)] (6) Assist in implementing first-source hiring agreements by publicly funded job training
31 providers with authorized business firms and in ensuring compliance with business firm eligibility
32 requirements and with provisions addressing the avoidance of job losses outside of enterprise zones.

33 **SECTION 3.** ORS 285C.065 is amended to read:

34 285C.065. (1) Any city, county or port may [*apply to the Director of the Oregon Business Devel-*
35 *opment Department for designation of*] **designate** an area within [*that*] **the** city, county or port as
36 an enterprise zone. A port shall obtain the consent of the governing body of the county prior to
37 [*applying to the Oregon Business Development Department for designation of*] **designating** an area
38 as an enterprise zone. With the prior consent of the governing body of the city or port, a county
39 may [*apply to the department*], on behalf of a city or port [*for designation of*], **designate** any area
40 within [*that*] **the** city or port as an enterprise zone. With the prior consent of the governing body
41 of a city, a port may [*apply to the department*], on behalf of a city [*for designation of*], **designate** any
42 area that is wholly or partially shared territory of both the port and city as an enterprise zone.
43 With the prior consent of the governing body of a port, a city may [*apply to the department*], on
44 behalf of a port [*for designation of*], **designate** any area that is wholly or partially shared territory
45 of both the city and port as an enterprise zone.

1 (2) One or more cities, counties and ports may *[apply to the director for designation of]* **designate**
2 an area situated partly within each city and partly in unincorporated territory within the counties
3 or ports as an enterprise zone.

4 [(3) *An application for designation of an enterprise zone shall be in the form and contain such*
5 *information as the department, by rule, may require. However, the application shall:]*

6 [(a) *Be submitted on behalf of one or more local government units as described in subsections (1)*
7 *and (2) of this section by resolution of the governing body of each applicant;]*

8 [(b) *Contain a description of the area sought to be designated as an enterprise zone;]*

9 [(c) *Contain information sufficient to allow the department to determine if the criteria established*
10 *in ORS 285C.090 are met;]*

11 [(d) *State that the applicant will give priority to the use in the proposed enterprise zone of any*
12 *economic development or job training funds received from the federal government; and]*

13 [(e) *Declare that the applicant will comply with ORS 285C.105 and perform any other duties of the*
14 *sponsor under ORS 285C.050 to 285C.250.]*

15 [(4) *When applying for designation of an enterprise zone within its boundaries under this section,*
16 *the applicant may include in the application:]*

17 [(a) *Proposals to enhance the level or efficiency of local public services within the proposed enter-*
18 *prise zone including, but not limited to, fire-fighting and police services; and]*

19 [(b) *Proposals for local incentives and local regulatory flexibility to authorized business firms.]*

20 [(5) *In the case of joint applications by more than one local government unit, each city, county or*
21 *port joining in the application may include proposals for enhanced local public services, local incentives*
22 *or local regulatory flexibility to be effective within the boundaries of that local government unit.]*

23 [(6) *Proposals under subsection (4) or (5) of this section for enhanced local public services, local*
24 *incentives or local regulatory flexibility included in the application by a city, county or port for an*
25 *enterprise zone are binding upon the city, county or port if an enterprise zone is designated wholly or*
26 *partly within its boundaries.]*

27 **(3) Designation of an enterprise zone under this section is not final until a positive de-**
28 **termination in favor of the zone has been made by the Oregon Business Development De-**
29 **partment under section 10 of this 2013 Act.**

30 **SECTION 4.** ORS 285C.067 is amended to read:

31 285C.067. (1) A city, county or port that seeks to *[apply to the Director of the Oregon Business*
32 *Development Department for]* **designate an** enterprise zone *[designation]* under ORS 285C.065 shall
33 consult with all local taxing districts with territory in the proposed zone prior to *[filing the appli-*
34 *cation]* **designating the zone.**

35 (2) The Oregon Business Development Department may adopt rules on the consultations re-
36 quired under subsection (1) of this section and procedures related to the consultations.

37 **SECTION 5.** ORS 285C.068 is amended to read:

38 285C.068. (1) A port located in whole or in part within an existing enterprise zone may *[submit*
39 *a request to the Oregon Business Development Department to]* be **added as** a cosponsor of the enter-
40 prise zone. *[The request shall include:]*

41 [(a) *A copy of the resolution of the governing body of the port approving the request for designation*
42 *as cosponsor of the enterprise zone;]*

43 [(b) *A copy of the resolution of the governing body of each current sponsor of the enterprise zone*
44 *approving the addition of the port as a cosponsor; and]*

45 [(c) *Other information required by the department.]*

1 [(2) *The department shall review the request for addition of the port as a cosponsor of the enter-*
 2 *prise zone. If the request is incomplete or does not satisfy the requirements of this section, the depart-*
 3 *ment shall seek additional information as necessary or shall return the request to the port. If the*
 4 *request is returned, the port may submit a revised request at any time. If the request is complete and*
 5 *does satisfy the requirements of this section, the Director of the Oregon Business Development De-*
 6 *partment shall approve the request.*]

7 [(3)] (2) The addition of a port as a cosponsor of an existing enterprise zone under this section
 8 does not change the termination date of the enterprise zone under ORS 285C.245 (2).

9 **SECTION 6.** ORS 285C.070 is amended to read:

10 285C.070. (1) The governing body of a city or county that is [*seeking*] **designating an** enterprise
 11 zone [*designation*] under ORS 285C.065 may elect to permit a business firm operating a hotel, motel
 12 or destination resort to be an eligible business firm with respect to those operations.

13 (2) The election must be made at the time the [*application for zone designation*] **zone is design-**
 14 **ated** under ORS 285C.065 [*is made*] or any time thereafter and before the expiration of six months
 15 following the date the zone is designated.

16 (3) The election shall be made by a resolution adopted by the city or county governing body. In
 17 order for the election to be effective, the resolution must be submitted to the Oregon Business De-
 18 velopment Department and acknowledged by the department.

19 (4)(a) If more than one city or county is to be the sponsor, the resolution making the election
 20 may restrict the area in which a hotel, motel or destination resort may be located in order for the
 21 firm to be an eligible business firm with respect to those operations.

22 (b) The resolution making the restriction described in paragraph (a) of this subsection may only
 23 restrict the area of the zone in which a hotel, motel or destination resort may be located to that
 24 area of the zone that is located:

25 (A) Within the boundaries of one or more cities in favor of hotel, motel and destination resort
 26 exemption, if the county is not in favor of hotel, motel and destination resort exemption;

27 (B) Within the unincorporated territory of a county in favor of hotel, motel and destination re-
 28 sort exemption, if one or more cities are not in favor of hotel, motel and destination resort ex-
 29 emption; or

30 (C) Within the shared territory of a city and county in favor of hotel, motel and destination re-
 31 sort exemption and the unincorporated territory of the county, if one or more other cities are not
 32 in favor of hotel, motel and destination resort exemption.

33 (c) If a restriction is made under this subsection, the restriction may be modified at any time
 34 within six months of the date the zone is designated, but may not be modified at any time thereafter.

35 (5) The sponsor may by resolution revoke an election made under this section. If an election is
 36 revoked, the sponsor may not make another election under this section.

37 **SECTION 7.** ORS 285C.080, as amended by section 1, chapter 71, Oregon Laws 2012, is amended
 38 to read:

39 285C.080. (1) [*As provided in ORS 285C.065 and 285C.075, the Director of the Oregon Business*
 40 *Development Department may approve the designation of*] **There may be designated at any time:**

41 (a) Up to 20 areas as rural enterprise zones; and

42 (b) Up to 15 areas as urban or rural enterprise zones.

43 (2) Areas designated as enterprise zones under this section are in addition to the 30 areas des-
 44 ignated or redesignated as enterprise zones by order of the Governor under ORS 284.160 (1987 Re-
 45 placement Part) before October 3, 1989, areas redesignated under ORS 285C.250, areas designated

1 under ORS 285C.085 and areas designated under ORS 285C.306.

2 **SECTION 8.** ORS 285C.090, as amended by section 2, chapter 71, Oregon Laws 2012, is amended
3 to read:

4 285C.090. (1) A proposed enterprise zone must be located in a local area in which:

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

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

12 (c) The Oregon Business Development Department determines on a case-by-case basis using ev-
13 idence provided by the cities, counties or ports [*applying for designation of*] **designating** the pro-
14 posed enterprise zone that there exists a level of economic hardship at least as severe as that
15 described in paragraph (a) or (b) of this subsection. The evidence must be based on the most recently
16 available data from official sources and may include a contemporary decline of the population in the
17 proposed enterprise zone, the percentage of persons in the proposed enterprise zone below the pov-
18 erty level relative to the percentage of the entire population of this state below the poverty level
19 or the unemployment rate for the county or counties in which the proposed enterprise zone is lo-
20 cated.

21 (2)(a) An urban enterprise zone may consist of a total area of not more than 12 square miles in
22 size.

23 (b) A rural enterprise zone may consist of a total area of not more than 15 square miles in size.

24 (c) For purposes of this subsection, the area of the zone must be calculated by excluding that
25 portion of the zone that lies below the ordinary high water mark of a navigable body of water.

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

27 (a) An urban enterprise zone must have 12 miles or less, and a rural enterprise zone must have
28 15 miles or less, as the greatest distance between any two points within the zone; and

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

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

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

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

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

38 **SECTION 9.** Section 10 of this 2013 Act is added to and made a part of ORS 285C.050 to
39 **285C.250.**

40 **SECTION 10.** (1) No sooner than the 61st day following compliance with section 29 (1) of
41 this 2013 Act, a zone sponsor shall submit to the Oregon Business Development Department
42 notice of the sponsor's designation of an enterprise zone under ORS 285C.065 or 285C.250 and
43 sufficient information for the department to make a determination under this section.

44 (2)(a) As soon as practicable after receipt of the notice required under subsection (1) of
45 this section, the department shall notify the zone sponsor of the department's determination

1 made in accordance with the following:

2 (A) A zone designation shall be final if the hardship and area requirements of ORS
3 285C.090 are met and designation does not cause the total number of zones designated to
4 exceed the limits of ORS 285C.080.

5 (B) A zone may not be designated if the requirements of ORS 285C.090 are not met or
6 designation would cause the total number of zones designated to exceed the limits of ORS
7 285C.080.

8 (b) If the department's determination is negative, the notice required must state the
9 reasons for the negative determination.

10 (c) A zone sponsor that receives a negative determination under this subsection may
11 resubmit the enterprise zone for a determination under this section.

12 (3)(a) For purposes of complying with the numeric limits of ORS 285C.080, the department
13 shall make determinations under this section in the order in which notices submitted under
14 subsection (1) of this section are received.

15 (b) For purposes of this subsection, a notice that is resubmitted after a negative deter-
16 mination shall be considered received on the date of the resubmission.

17 (c) The department shall adopt rules necessary to administer this subsection.

18 **SECTION 11.** ORS 285C.095 is amended to read:

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

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

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

26 [(4)] (2) [*The department shall review applications for electronic commerce designation and shall*
27 *approve*] **There may be designated at any time** no more than 10 zones for electronic commerce
28 designation.

29 [(5)] (3) The sponsor may by resolution revoke an electronic commerce designation made under
30 this section. If an election is revoked, the sponsor may not subsequently seek reinstatement of
31 electronic commerce designation.

32 (4) **Designation of a zone for electronic commerce under this section is not final until a**
33 **positive determination has been made in favor of the zone by the Oregon Business Develop-**
34 **ment Department under section 14 of this 2013 Act.**

35 **SECTION 12.** ORS 285C.100 is amended to read:

36 285C.100. (1) Notwithstanding ORS 285C.095, a city shall be designated for electronic commerce
37 if the city:

38 (a) By resolution of the governing body of the city, declares itself a city designated for elec-
39 tronic commerce;

40 (b) As of January 1, 2002, has a population of more than 1,500 but less than 2,000;

41 (c) Is located less than 25 miles from a city with a population of more than 500,000; and

42 (d) Is located less than 10 miles from a city with a high concentration of high technology firms
43 and with a population that, as of January 1, 2002, does not exceed 85,000.

44 (2) Only one city may be designated for electronic commerce under this section, and that des-
45 ignation shall be made without consideration of the numeric [*limitations*] **limits** imposed by ORS

1 285C.095.

2 (3)(a) A city does not need to sponsor an enterprise zone to be designated for electronic com-
3 merce under this section.

4 (b) The governing body of a city designated for electronic commerce under this section does not
5 have to comply with the requirements of ORS 285C.090, but the governing body must take all actions
6 that are required of a sponsor of a rural enterprise zone under ORS 285C.050 to 285C.250 with re-
7 spect to business firms seeking exemption under ORS 285C.175.

8 (c) A business firm that is engaged in electronic commerce at a location inside a city designated
9 for electronic commerce under this section and that seeks an exemption under ORS 285C.175 must
10 take all actions required of a qualified business firm under ORS 285C.050 to 285C.250, except that
11 the business firm does not need to be located within an enterprise zone.

12 (d) A business firm described in paragraph (c) of this subsection:

13 (A) Shall be an eligible business firm, the qualified property of which is exempt from taxation
14 under ORS 285C.175 as if the qualified property were located in an enterprise zone under ORS
15 285C.095; and

16 (B) May claim the tax credit under ORS 315.507.

17 **(4) Designation of a city for electronic commerce under this section is not final until a**
18 **positive determination in favor of the city has been made by the Oregon Business Develop-**
19 **ment Department under section 14 of this 2013 Act.**

20 [(4)] (5) For the purpose of determining the boundaries of a city designated for electronic com-
21 merce, "city" includes:

22 (a) Territory that is annexed into the city, as of the date of the annexation;

23 (b) Land within the urban growth boundary of the city; and

24 (c) Territory that is added to the urban growth boundary described in paragraph (b) of this
25 subsection, as of the date the urban growth boundary is extended to such territory.

26 **SECTION 13. Section 14 of this 2013 Act is added to and made a part of ORS 285C.050 to**
27 **285C.250.**

28 **SECTION 14. (1) No sooner than the 61st day following compliance with section 29 (1) of**
29 **this 2013 Act, a zone sponsor of the governing body of a city shall submit to the Oregon**
30 **Business Development Department notice of the sponsor's or city's designation of a zone or**
31 **a city for electronic commerce under ORS 285C.095 or 285C.100, respectively, and sufficient**
32 **information for the department to make a determination under this section.**

33 **(2)(a) As soon as practicable after receipt of the notice required under subsection (1) of**
34 **this section, the department shall notify the zone sponsor or governing body of the city of**
35 **the department's determination made in accordance with the following:**

36 **(A) A zone or city designation shall be final if the requirements of ORS 285C.100, if ap-**
37 **licable, are met and designation would not cause the numeric limits of ORS 285C.095 or**
38 **285C.100 to be exceeded.**

39 **(B) A zone or city may not be designated if the requirements of ORS 285C.100, if appli-**
40 **cable, are not met or designation would cause the numeric limits of ORS 285C.095 or 285C.100**
41 **to be exceeded.**

42 **(b) If the department's determination is negative, the notice required must state the**
43 **reasons for the negative determination.**

44 **(c) A zone sponsor or governing body of a city that receives a negative determination**
45 **under this subsection may resubmit the zone or city for electronic commerce for a deter-**

1 **mination under this section.**

2 **(3)(a) For purposes of complying with the numeric limits of ORS 285C.095 or 285C.100, the**
3 **department shall make determinations under this section in the order in which notices sub-**
4 **mitted under subsection (1) of this section are received.**

5 **(b) For purposes of this subsection, a notice that is resubmitted after a negative deter-**
6 **mination shall be considered received on the date of the resubmission.**

7 **(c) The department shall adopt rules necessary to administer this subsection.**

8 **SECTION 15.** ORS 285C.105 is amended to read:

9 285C.105. (1) The sponsor of an enterprise zone shall:

10 (a) Appoint a local zone manager. Upon appointment of the local zone manager, the sponsor
11 shall provide written notice thereof to the Oregon Business Development Department, the county
12 assessor and the Department of Revenue.

13 (b) Provide enhanced local public services, local incentives and local regulatory flexibility [*in-*
14 *cluded in the application for designation of the enterprise zone or in the resolution under ORS*
15 *285C.115 (7)*] to authorized or qualified business firms and assist authorized or qualified business
16 firms in using enhanced local public services, local incentives and local regulatory flexibility.

17 (c) Review and approve or deny applications for authorization under ORS 285C.140.

18 (d) Assist the county assessor in administering the property tax exemption and in performing
19 other duties assigned to the assessor under ORS 285C.050 to 285C.250.

20 (e) Maintain, implement and periodically update a plan for marketing the enterprise zone in-
21 cluding strategies for retention, expansion, start-up and recruitment of eligible business firms.

22 (f) Manage the enterprise zone in accordance with ORS 285C.050 to 285C.250.

23 (g) Identify property available for sale or lease to eligible business firms under ORS 285C.110.

24 (h) Prepare indices of street addresses, tax lot numbers or other information to facilitate the
25 identification of land inside of an urban enterprise zone.

26 (i) Provide written notice to the county assessor, the Department of Revenue, the Oregon Busi-
27 ness Development Department and any relevant publicly funded job training provider of the condi-
28 tions and policies adopted or normally sought by the sponsor under ORS 285C.150, 285C.155,
29 285C.160 or 285C.203, and take the actions necessary to implement and enforce the conditions and
30 policies and any other reasonable requirements imposed pursuant to ORS 285C.155, 285C.160 or
31 285C.203.

32 (j) Conduct, or assist in conducting, annual reporting of enterprise zone activity or effort, if re-
33 quested by the county assessor or the Oregon Business Development Department.

34 (2) If more than one city, county or port sponsors an enterprise zone, the jurisdictions shall act
35 jointly in performing the duties imposed on a sponsor under ORS 285C.050 to 285C.250.

36 **SECTION 16.** ORS 285C.115 is amended to read:

37 285C.115. (1) The sponsor of an enterprise zone may [*submit a request to the Oregon Business*
38 *Development Department to*] change the boundary of the enterprise zone[. *A request shall include:*]

39 [*(a) A copy of the*] **by** resolution of the governing body of the sponsor [*requesting the change;*].

40 [*(b) If subsection (7) of this section applies, a copy of the resolution described in subsection (7) of*
41 *this section;*]

42 [*(c) A map clearly indicating the existing boundary and the proposed change thereto;*]

43 [*(d) A legal description of each area to be withdrawn from or added to the existing enterprise zone;*
44 *and*]

45 [*(e) Other information required by the department.*]

1 (2) The amended enterprise zone shall:

2 (a) Add land zoned for use by eligible business firms that has or will have infrastructure facili-
3 ties, road access, on-site water, on-site sewage disposal and necessary utility services;

4 (b) Continue to include any authorized business firms within the enterprise zone;

5 (c) Add residential areas or nonresidential areas that are adjacent to residential areas only if
6 the level of economic hardship in the areas to be added is at least as severe as the conditions that
7 existed at the time the original enterprise zone was designated or that currently exist in the original
8 enterprise zone;

9 (d) Retain at least 50 percent of the lands in the original enterprise zone; and

10 (e) Meet the applicable total area and greatest distance requirements set forth in ORS 285C.090.

11 (3) If the enterprise zone is a reservation enterprise zone or a reservation partnership zone and
12 the land to be added to the zone is not described in ORS 285C.306, the *[request for a]* boundary
13 change, and the resulting boundary of the zone, must fully satisfy the provisions of this section.

14 (4) A *[request]* **boundary change** under subsection (1) of this section may *[include a proposal*
15 *to]*:

16 (a) Remove only the land that is residential or not zoned or available for use by eligible business
17 firms; or

18 (b) Change the name of the enterprise zone.

19 (5) The boundary of an urban enterprise zone may not be modified to include land located out-
20 side a regional or metropolitan urban growth boundary.

21 (6) A *[request to modify the]* boundary **change** of a rural enterprise zone to include land located
22 outside an urban growth boundary shall satisfy the requirements of subsections (1) and (2) of this
23 section *[and shall satisfy any other criteria that the department may adopt by rule]*.

24 (7) *[If an area to be added to an enterprise zone]* **An area that** is under the jurisdiction of a city,
25 county or port that is not a sponsor of the enterprise zone[,] **may be added to the enterprise zone**
26 **under this section only if** the governing body of *[that]* **the nonsponsoring** city, county or port
27 *[shall submit]* **adopts** a resolution requesting the change and requesting that the city, county or port
28 become a sponsor, or *[shall submit]* a resolution consenting to the change, as provided under ORS
29 285C.065 (1). *[The resolution of the joining city, county or port shall be submitted jointly with the re-*
30 *solution adopted by the governing body of the existing sponsor.]* The joining resolution of the city,
31 county or port may:

32 (a) Include a binding proposal for enhanced local public services, local incentives or local reg-
33 ulatory flexibility to be effective within the portion of the enterprise zone to be under the jurisdic-
34 tion of that city, county or port; or

35 (b) Include a restriction described in ORS 285C.070 (4). A restriction made under this paragraph
36 may be made without regard to the time limitation described in ORS 285C.070 (4)(c) and becomes
37 final on the effective date of the boundary change.

38 *[(8) The department shall review the request for a boundary change. If the request is incomplete*
39 *or does not satisfy the requirements of this section, the department shall seek additional information*
40 *as necessary or shall return the request to the sponsor. If the request is returned, the sponsor may*
41 *submit a revised request at any time. If the request is complete and does satisfy the requirements of this*
42 *section, the Director of the Oregon Business Development Department shall order a change in the*
43 *boundary of an enterprise zone based on the request of the sponsor and specify the effective date of the*
44 *boundary change, which may not be earlier than the receipt of a completed request.]*

45 **(8) A boundary change under this section is not final until a positive determination has**

1 **been made by the Oregon Business Development Department under section 18 of this 2013**
2 **Act.**

3 (9) A change in the boundary of an enterprise zone under this section does not change the ter-
4 mination date of the enterprise zone under ORS 285C.245 (2).

5 **SECTION 17. Section 18 of this 2013 Act is added to and made a part of ORS 285C.050 to**
6 **285C.250.**

7 **SECTION 18. (1)(a) No sooner than the 61st day following compliance with section 29 (1)**
8 **of this 2013 Act, a zone sponsor shall submit to the Oregon Business Development Depart-**
9 **ment notice of a boundary change under ORS 285C.115 and sufficient information for the**
10 **department to make a determination under this section.**

11 **(b) For purposes of this subsection, the information submitted to the department must**
12 **include:**

13 **(A) A map clearly indicating the existing boundary and the proposed changes;**

14 **(B) A legal description of each area to be withdrawn from or added to the existing en-**
15 **terprise zone; and**

16 **(C) Any further information required by the department for the purposes of making a**
17 **determination under this section.**

18 **(2)(a) As soon as practicable after receipt of the notice required under subsection (1) of**
19 **this section, the department shall notify the zone sponsor of the department's determination**
20 **made in accordance with the following:**

21 **(A) A boundary change shall be final if the requirements of ORS 285C.115 are met.**

22 **(B) A boundary change is not effective if the requirements of ORS 285C.115 are not met.**

23 **(b) If the department's determination is negative, the notice required must state the**
24 **reasons for the negative determination.**

25 **(c) A zone sponsor that receives a negative determination under this subsection may**
26 **resubmit the boundary change for a determination under this section.**

27 **SECTION 19. ORS 285C.120 is amended to read:**

28 285C.120. (1) If the population density of a county increases to more than 100 persons per square
29 mile, so that the county is no longer a sparsely populated county, any existing rural enterprise zone
30 located wholly or partly within that county [*that was designated or that had its zone boundary*
31 *changed*] shall continue to exist with that zone boundary until terminated. A boundary change under
32 ORS 285C.115 that is subsequent to the date on which the county ceases to be a sparsely populated
33 county may not add an area to the zone that:

34 (a) Is a separate area farther than five miles from the nearest point on the existing boundary;

35 (b) Increases the distance between the two points in the zone that are the farthest apart; or

36 (c) Creates a new line of distance to the farthest opposite point in the zone that is longer
37 than the greatest distance between any two existing points in the zone.

38 (2) [*An applicant for designation*] **A zone sponsor designating a zone** under ORS 285C.065 or
39 a sponsor [*requesting a change to*] **changing the boundary of** a rural enterprise zone under ORS
40 285C.115 in a sparsely populated county may, **pursuant to section 10 or 18 of this 2013 Act,** seek
41 a waiver of the distance limitations imposed on the zone under ORS 285C.090 (4). The Director of
42 the Oregon Business Development Department shall grant all or part of the waiver if:

43 (a) The proposed designation is to be made or the proposed boundary change satisfies all other
44 requirements for a boundary change under ORS 285C.115; and

45 (b) The director determines, consistent with rules adopted by the Oregon Business Development

1 Department, that designation of a separate enterprise zone is not a practical option under the par-
2 ticular circumstances, that the overall distances involved can be effectively administered and that
3 the waiver will further the goals and purposes of ORS 285C.050 to 285C.250.

4 **SECTION 20.** ORS 285C.135 is amended to read:

5 285C.135. (1) To be an eligible business firm, a business firm must be engaged, or proposing to
6 engage, within the enterprise zone, in the business of providing goods, products or services to busi-
7 nesses or other organizations through activities including, but not limited to, manufacturing, as-
8 sembly, fabrication, processing, shipping or storage.

9 (2) A business firm is not an eligible business firm if the firm is:

10 (a) Engaged within the enterprise zone in the business of providing goods, products or services
11 to the general public for personal or household use.

12 (b) Significantly engaged in a business activity within the enterprise zone that consists of retail
13 sales or services, child care, housing, retail food service, health care, tourism, entertainment, fi-
14 nancial services, professional services, leasing space to others, property management, construction
15 or other similar activities, even if for another business or organization.

16 (3) If a business firm described in subsection (2) of this section engages in an activity described
17 in subsection (1) of this section, the business firm is an eligible business firm if the activity is per-
18 formed at a location that is separate from the activity of the firm that is described in subsection (2)
19 of this section. Property at the location at which the firm conducts an activity described in sub-
20 section (2) of this section may not be exempt under ORS 285C.175.

21 (4) Two or more business firms that otherwise meet the requirements of this section may elect
22 to be treated as one eligible business firm if 100 percent of the equity interest in the business firms
23 is owned by the same person or persons, or if one of the business firms owns 100 percent of the
24 equity interest of the other or others.

25 (5) Notwithstanding subsections (1) to (3) of this section, each of the following business firms is
26 an eligible business firm under subsection (1) of this section:

27 (a) A business firm engaged in the activity of providing a retail or financial service within the
28 enterprise zone if:

29 (A) The activity serves customers by responding to orders or requests received only by tele-
30 phone, computer, the Internet or similar means of telecommunications; and

31 (B) Not less than 90 percent of the customers or orders are located and originate in an area
32 from which long distance telephone charges, in the absence of a toll-free number, would apply if the
33 order were placed by telephone.

34 (b) A business firm that operates a facility within the enterprise zone that serves statewide,
35 regional, national or global operations of the firm through administrative, design, financial, man-
36 agement, marketing or other activities, without regard to the relationship of these activities to any
37 otherwise eligible activities within the enterprise zone.

38 (c) A business firm that operates a hotel, motel or destination resort in the enterprise zone if
39 the sponsor has elected under ORS 285C.070 to treat a business firm engaged in hotel, motel or
40 destination resort operations in an enterprise zone as an eligible business firm.

41 (d) A business firm that is engaged in electronic commerce if the enterprise zone has been [*ap-*
42 *proved*] **designated** for electronic commerce [*designation*] under ORS 285C.095.

43 **SECTION 21.** ORS 285C.175 is amended to read:

44 285C.175. (1) Property of an authorized business firm is exempt from ad valorem property taxa-
45 tion if:

- 1 (a) The property is qualified property under ORS 285C.180;
- 2 (b) The firm meets the qualifications under ORS 285C.200; and
- 3 (c) The firm has entered into a first-source hiring agreement under ORS 285C.215.

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

8 (b) The property may be exempt from property taxation under this section for up to two addi-
9 tional tax years consecutively following the tax years described in paragraph (a) of this subsection,
10 if authorized by the written agreement entered into by the firm and the sponsor under ORS
11 285C.160.

12 (c) If qualified property of a qualified business firm is sold or leased to an eligible business firm
13 in the enterprise zone during the period the property is exempt under this section, the purchasing
14 or leasing firm is eligible to continue the exemption of the selling or leasing firm for the balance
15 of the exemption period, but only if any effects on employment within the zone that result from the
16 sale or lease do not constitute substantial curtailment under ORS 285C.210.

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

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

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

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

26 (4)(a) An exemption may not be granted under this section for qualified property assessed for
27 property tax purposes in the county in which the property is located on or before the *[effective date*
28 *of the]* **date on which:**

29 (A) Designation of the zone **becomes final under section 10 of this 2013 Act;** or

30 (B) *[Approval of]* A boundary change for the zone **becomes final under section 18 of this 2013**
31 **Act** if the property is located in an area added to the zone.

32 (b) An exemption may not be granted for qualified property constructed, added, modified or in-
33 stalled in the zone or in the process of construction, addition, modification or installation in the
34 zone on or before the *[effective date of the]* **date on which:**

35 (A) Designation of the zone **becomes final under section 10 of this 2013 Act;** or

36 (B) *[Approval of]* A boundary change for the zone **becomes final under section 18 of this 2013**
37 **Act** if the property is located in an area added to the zone.

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

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

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

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

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

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

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

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

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

14 **SECTION 22.** ORS 285C.180 is amended to read:

15 285C.180. (1) The following types of property are qualified for exemption under ORS 285C.175:

16 (a) A newly constructed building or structure.

17 (b) A new addition to or modification of an existing building or structure.

18 (c) Any real property machinery or equipment or personal property, whether new, used or re-
19 conditioned, that is installed on property that is owned or leased by an authorized business firm,
20 and:

21 (A) Newly purchased or leased by the firm, unless the property is described in ORS 285C.175
22 (4)(a); or

23 (B) Newly transferred into the enterprise zone from outside the county within which the site
24 of the firm is located and installed.

25 (d) Any property otherwise described in this section that is owned or leased and operated by a
26 business firm that is engaged in electronic commerce, if **designation of** the enterprise zone in which
27 the property is located *[is]* **as** a zone *[approved]* for electronic commerce *[designation under ORS*
28 *285C.095]* **is final under section 14 of this 2013 Act.**

29 (2) Property described in subsection (1) of this section is qualified under this section only if:

30 (a) The property meets or exceeds the minimum cost requirements established under ORS
31 285C.185;

32 (b) The property satisfies applicable usage, lease or location requirements established under
33 ORS 285C.185;

34 (c) The property was constructed, added, modified or installed to further the production of in-
35 come;

36 (d) The property is owned or leased by an authorized business firm;

37 (e) The location of the property corresponds to the location as set forth in the application for
38 authorization of the business firm and consists of a single site or multiple sites adjacent to or having
39 comparable proximity to each other, within the boundaries of the enterprise zone;

40 (f) The property is the same general type of property as described in the application for au-
41 thorization; and

42 (g) In the case of an eligible business firm described in ORS 285C.135 (5)(b), the actual invest-
43 ment at the facility of the firm is consistent with the description set forth in the application for
44 authorization.

45 (3) Notwithstanding subsection (1) of this section, the following property is not qualified for ex-

1 exemption under ORS 285C.175:

2 (a) Land.

3 (b) Property that was not in use or occupancy for more than a 180-day period that ends during
4 the preceding assessment year.

5 (c) On-site developments that, consistent with ORS 307.010, are assessed as land.

6 (d) Noninventory supplies, including but not limited to lubricants.

7 (e) Any operator-driven item of machinery or equipment or any vehicle, if the item or vehicle
8 moves by internal motorized power. An item or vehicle described in this paragraph includes but is
9 not limited to an item or vehicle that moves within an enclosed space.

10 (f) Any device or rolling stock that is pulled, pushed or carried by a vehicle that is suitable as
11 a mode of transportation beyond the enterprise zone boundary.

12 (4) Subsection (3)(b) of this section does not apply to the first assessment year for which the
13 property is exempt under ORS 285C.175.

14 (5) For purposes of this section and ORS 285C.175, property includes any portion or incremental
15 unit of property that is newly constructed or installed, or that is a new addition to or modification
16 of an existing building or structure.

17 **SECTION 23.** ORS 285C.245 is amended to read:

18 285C.245. (1) When the termination of an enterprise zone occurs under this section:

19 (a) The termination of the enterprise zone does not affect:

20 (A) The continuation of a qualified business firm's property tax exemption first allowed before
21 the effective date of the termination of the enterprise zone; or

22 (B) The ability of an authorized business firm to claim exemption under ORS 285C.175 if:

23 (i) The authorization application of the firm was filed with the sponsor before the effective date
24 of the termination of the zone;

25 (ii) The firm remains authorized at the time the exemption is claimed;

26 (iii) The firm completes construction, addition, modification or installation of the qualified
27 property within a reasonable time and without interruption of construction, addition, modification
28 or installation activity; and

29 (iv) The property meets all other applicable requirements for exemption under ORS 285C.175.

30 (b) A business firm that is currently authorized or qualified in the enterprise zone shall be al-
31 lowed until 10 years after the effective date of the termination of the enterprise zone to apply for
32 authorization under ORS 285C.140 and to subsequently claim the exemption for any qualified prop-
33 erty that is constructed, added, modified or installed inside the former enterprise zone boundaries,
34 as those boundaries existed at the time of termination, and entirely outside of the boundaries of any
35 current enterprise zone. Construction, addition, modification or installation of qualified property
36 must commence prior to the end of the final tax year in which qualified property of the firm is ex-
37 empt under ORS 285C.175 and must be completed within a reasonable time and without interruption
38 of construction, addition, modification or installation activity. The property must meet all other ap-
39 plicable requirements for exemption under ORS 285C.175.

40 (c) Disqualification under ORS 285C.240 of all exempt property of the business firm after the
41 effective date of the termination of the enterprise zone shall prohibit and terminate all authori-
42 zations sought or obtained by the business firm that would not otherwise be allowed except for
43 paragraph (b) of this subsection. Disqualification under ORS 285C.240 of all exempt property of the
44 business firm on or after the effective date of the termination of the enterprise zone shall cause the
45 assessor to deny any claim for exemption under ORS 285C.175 of qualified property of the business

1 firm made in a subsequent tax year.

2 (2) An enterprise zone designated [*by the Director of the Oregon Business Development Depart-*
3 *ment*] under ORS [285C.080,] **285C.065**, 285C.085 or 285C.250 shall terminate when 10 years plus that
4 number of days necessary to delay the date of termination to the June 30 next following have
5 elapsed since the enterprise zone was originally designated.

6 (3) An enterprise zone designated [*by the director*] under ORS [285C.080,] **285C.065**, 285C.085 and
7 285C.250 shall terminate prior to the time specified in subsection (2) of this section only as provided
8 in subsections (4) to (6) of this section.

9 (4) The governing body of the sponsor may submit a resolution requesting termination of the
10 enterprise zone to the Oregon Business Development Department. The sponsor shall provide copies
11 of the resolution to the county assessor and the Department of Revenue. After receipt of the request,
12 the director shall order termination of the enterprise zone and shall specify the effective date of the
13 termination.

14 (5) If a sponsor is unable or unwilling to carry out its responsibilities under ORS 285C.105, the
15 director shall order termination of the enterprise zone and shall specify the effective date of the
16 termination. However, in the case of failure to provide enhanced local public services, local incen-
17 tives or local regulatory flexibility [*included in the application for designation as an enterprise zone*
18 *or in the resolution under ORS 285C.115 (7)*], termination is not required if the sponsor provides to
19 authorized or qualified business firms new enhanced local public services, local incentives or local
20 regulatory flexibility that is of comparable value, or makes reasonable corrections of shortcomings
21 in existing local incentives. A sponsor may reduce the time within which it will provide enhanced
22 local public services, local incentives and local regulatory flexibility to a time period equal to the
23 amount of time allowed for an exemption under ORS 285C.175 without causing termination under
24 this section.

25 (6) An enterprise zone designated on or after January 1, 2004, shall terminate if no qualified
26 business firm has located within the zone by December 31 following the date that is six years after
27 the date the zone was designated.

28 (7) A reservation enterprise zone designated, or a reservation partnership zone cosponsored,
29 under ORS 285C.306 shall terminate in accordance with subsection (2) of this section, but may be
30 redesignated at any time under ORS 285C.306.

31 **SECTION 24.** ORS 285C.250, as amended by section 3, chapter 71, Oregon Laws 2012, is
32 amended to read:

33 285C.250. (1) Within a reasonable period of time prior to the termination of enterprise zones
34 under ORS 285C.245 (2), the Director of the Oregon Business Development Department shall
35 [*competitively designate the same number of enterprise zones*] **notify all eligible zone sponsors that,**
36 effective immediately after termination of the previous enterprise zones, **the same number of en-**
37 **terprise zones are available for designation.** The determination by the director as to the areas
38 designated as enterprise zones shall be final.

39 (2)(a) When an enterprise zone is terminated under ORS 285C.245 (4) to (6), the director [*may*
40 *competitively designate*] **shall notify all eligible zone sponsors that** a new enterprise zone **is**
41 **available for designation.**

42 (b) The sponsor of an enterprise zone terminated under ORS 285C.245 (4) or (5) is not eligible
43 to [*apply for*] **designate** a new enterprise zone for a period not to exceed 10 years after the zone is
44 terminated.

45 (c) Paragraph (b) of this subsection does not apply to a county government when the terminated

1 zone was also jointly sponsored by one or more cities or ports.

2 (3) Sponsors of existing enterprise zones that are due to terminate may [*reapply for*
3 *designation*] **designate the enterprise zones** under subsection (1) of this section.

4 (4) Any city, county or port may [*apply to the director for designation of*] **designate** an enterprise
5 zone in accordance with **ORS 285C.065 and with** the criteria set forth in ORS [*285C.065 and*]
6 285C.090. In addition, the Oregon Business Development Department by rule shall determine the
7 minimum level of economic hardship in any area to be included within an enterprise zone, any other
8 criteria necessary to evaluate the need for the enterprise zone and the potential for accomplishing
9 the purposes of ORS 285C.050 to 285C.250.

10 (5) All enterprise zones designated under this section shall terminate in accordance with ORS
11 285C.245 (2).

12 (6) When the director [*designates*] **makes a determination with respect to** enterprise zones
13 **designated** under this section, there is no limit on the relative number of urban or rural enterprise
14 zones designated.

15 (7) The director may determine when to accept [*applications for any*] **designations of an** enter-
16 prise zone that terminates under subsection (2) of this section or is not designated under subsection
17 (1) of this section for lack of qualified applicants.

18 **SECTION 25. ORS 285C.066 and 285C.075 are repealed.**

19 **SECTION 26.** ORS 285C.185 is amended to read:

20 285C.185. (1) In order for property to be qualified property under ORS 285C.180, the property
21 must cost:

22 (a) \$50,000 or more, in the case of:

23 (A) All real property that is concurrently exempt at the location; or

24 (B) An item of personal property that is not described in paragraph (b) of this subsection.

25 (b) \$1,000 or more, in the case of an item of personal property that is used:

26 (A) Exclusively in the production of tangible goods; or

27 (B) In electronic commerce [*in an enterprise zone approved for electronic commerce designation*
28 *under ORS 285C.095*].

29 (2) The estimated cost of property set forth in an application for authorization under ORS
30 285C.140 shall be disregarded for purposes of determining if property is qualified property.

31 (3) Property that is leased by the authorized business firm may be qualified property under ORS
32 285C.180 only if the terms of the lease provide:

33 (a) During the term of the lease, that the authorized business firm is to compensate the owner
34 of the leased property for all property taxes assessed against the leased property or that the firm
35 is to pay these taxes; and

36 (b) That the term of the lease begins on or before the start of the first tax year for which the
37 property is exempt and ends on or after the last day of the last tax year for which the property is
38 exempt.

39 (4) In order for property that is owned or leased by an authorized business firm operating a
40 hotel, motel or destination resort to be qualified property under ORS 285C.180, the property must
41 be:

42 (a) Located and in service in an enterprise zone for which the sponsor has elected under ORS
43 285C.070 to treat a business firm engaged in hotel, motel or destination resort operations as an eli-
44 gible business firm;

45 (b) Located at the same site as the hotel, motel or destination resort or in close proximity to

1 that site; and

2 (c) Used primarily to serve overnight guests of the hotel, motel or destination resort. Property
3 is used primarily to serve overnight guests if at least 50 percent of any receipts from use of the
4 property are paid by overnight guests.

5 (5) In order for property owned or leased and operated by a business firm engaged in electronic
6 commerce in a city designated for electronic commerce under ORS 285C.100 to be qualified property,
7 the property otherwise qualified under this section and the applicable electronic commerce oper-
8 ations of the firm must be located in that city.

9 (6)(a) As used in this section, "item of personal property" includes an integrated system con-
10 sisting of various components.

11 (b) Consistent with paragraph (a) of this subsection, the Department of Revenue may by rule
12 further define what constitutes an item of personal property for purposes of this section.

13 **SECTION 27.** ORS 315.507 is amended to read:

14 315.507. (1) A credit against the taxes that are otherwise due under ORS chapter 316 or, if the
15 taxpayer is a corporation, under ORS chapter 317 or 318, shall be allowed to a taxpayer that is:

16 (a) A business firm engaged or preparing to engage in electronic commerce in an enterprise zone
17 that has been [*approved*] **designated** for electronic commerce [*designation*] under ORS 285C.095; or

18 (b) A business firm engaged or preparing to engage in electronic commerce in a city that has
19 been designated for electronic commerce under ORS 285C.100.

20 (2) The credit shall equal 25 percent of the investments made by the business firm in capital
21 assets:

22 (a) Located in the area designated for electronic commerce;

23 (b) Used or constructed, installed or otherwise prepared for use in electronic commerce oper-
24 ations within the area designated for electronic commerce that are related to electronic commerce
25 sales, customer service, order fulfillment, broadband infrastructure or other electronic commerce
26 operations; and

27 (c)(A) During the period that commences when the firm becomes an authorized business firm
28 under ORS 285C.140 and ends on the last day of the income or corporate excise tax year in which
29 begins the first property tax year in which qualified property of the firm used in eligible electronic
30 commerce activities is exempt from property taxation under ORS 285C.175; or

31 (B) During any income or corporate excise tax year in which begins a property tax year in
32 which qualified property of the firm used in eligible electronic commerce operations is exempt from
33 property taxation under ORS 285C.175.

34 (3) Except as provided in subsection (5) of this section, the credit must be claimed for the income
35 or corporate excise tax year that is:

36 (a) The year in which the investment for which a credit is being claimed is made; and

37 (b) A year, all or part of which is described in subsection (2)(c) of this section.

38 (4) A credit allowed under this section for any one tax year may not exceed the lesser of \$2
39 million or the tax liability of the taxpayer.

40 (5) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a
41 particular year may be carried forward and offset against the taxpayer's tax liability for the next
42 succeeding tax year. Any credit remaining unused in the next succeeding tax year may be carried
43 forward and used in the second succeeding tax year, and likewise any credit not used in that second
44 succeeding tax year may be carried forward and used in the third succeeding tax year, and any
45 credit not used in that third succeeding tax year may be carried forward and used in the fourth

1 succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried
 2 forward and used in the fifth succeeding tax year, but may not be carried forward for any tax year
 3 thereafter.

4 (6) The credit allowed under this section is not in lieu of any depreciation or amortization de-
 5 duction to which the taxpayer otherwise may be entitled under ORS chapter 316, 317 or 318 for the
 6 tax year.

7 (7) The taxpayer's adjusted basis for determining gain or loss may not be further decreased by
 8 any amount of credit allowed under this section.

9 (8)(a) A nonresident shall be allowed the credit under this section in the proportion provided in
 10 ORS 316.117.

11 (b) If a change in the status of a taxpayer from resident to nonresident or from nonresident to
 12 resident occurs, the credit allowed under this section shall be determined in a manner consistent
 13 with ORS 316.117.

14 (c) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or if the
 15 Department of Revenue terminates the taxpayer's taxable year under ORS 314.440, the credit al-
 16 lowed under this section shall be prorated or computed in a manner consistent with ORS 314.085.

17 (9) As used in this section, "authorized business firm," "business firm," "electronic commerce"
 18 and "qualified property" have the meanings given those terms in ORS 285C.050.

19 **SECTION 28. Section 29 of this 2013 Act is added to and made a part of ORS 285C.050 to**
 20 **285C.250.**

21 **SECTION 29. (1) Before submitting notice, as required under section 10, 14 or 18 of this**
 22 **2013 Act, as applicable, of the designation of an enterprise zone under ORS 285C.065 or**
 23 **285C.250 or a zone or city for electronic commerce under ORS 285C.095 or 285C.100, respec-**
 24 **tively, or a change of the boundary of an enterprise zone under ORS 285C.115, the zone**
 25 **sponsor or governing body of the city shall notify the Oregon Business Development De-**
 26 **partment of the zone sponsor's or the city's intent to make the designation or boundary**
 27 **change.**

28 (2)(a) As soon as practicable after receipt of a notice sent pursuant to subsection (1) of
 29 this section, the department shall contact the zone sponsor or the governing body of the city
 30 to arrange a consultation about the designation or boundary change.

31 (b) After the consultation required under this subsection, the zone sponsor or city may
 32 submit to the department notice of the designation or boundary change, at the time and in
 33 the manner required under section 10, 14 or 18 of this 2013 Act, as applicable.

34 (3) A notice sent pursuant to subsection (1) of this section does not bind the zone sponsor
 35 or the city to the action that is the subject of the notice.

36 **SECTION 30. Sections 10, 14, 18 and 29 of this 2013 Act, the amendments to ORS 285C.050,**
 37 **285C.060, 285C.065, 285C.067, 285C.068, 285C.070, 285C.080, 285C.090, 285C.095, 285C.100, 285C.105,**
 38 **285C.115, 285C.120, 285C.135, 285C.175, 285C.180, 285C.185, 285C.245, 285C.250 and 315.507 by**
 39 **sections 1 to 8, 11, 12, 15, 16, 19 to 24, 26 and 27 of this 2013 Act and the repeal of ORS**
 40 **285C.066 and 285C.075 by section 25 of this 2013 Act apply to enterprise zones and zones and**
 41 **cities for electronic commerce designated, zone cosponsors added and enterprise zone**
 42 **boundaries changed, on and after the effective date of this 2013 Act.**

43 **SECTION 31. This 2013 Act takes effect on the 91st day after the date on which the 2013**
 44 **regular session of the Seventy-seventh Legislative Assembly adjourns sine die.**