

SENATE AMENDMENTS TO A-ENGROSSED SENATE BILL 246

By JOINT COMMITTEE ON WAYS AND MEANS

July 1

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

4 In line 21, delete “in ORS 314.610” and insert “pursuant to rules adopted by the Oregon Busi-
5 ness 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 “150 percent of the county
8 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 by the Oregon Business
12 Development Department.

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

16 **“(a) Enter into tax reimbursement arrangements with qualified project sponsors pursu-
17 ant to subsection (5) of this section; or**

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

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

23 **“(b) A regionally significant industrial site certified under this section must be an in-
24 dustrial site that is planned and zoned for industrial use.**

25 **“(3) A project sponsor may apply to participate in the program by submitting an appli-
26 cation and development plan in writing in a form prescribed by the department by rule.**

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

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

31 **“(a) Enter into a tax reimbursement arrangement with the project sponsor pursuant to
32 which the project sponsor shall receive an amount equal to 50 percent of the estimated in-
33 cremental income tax revenues generated by an eligible employer per tax year, beginning
34 with the tax year following the fifth tax year in which a project sponsor is qualified under
35 this section, until the total investment of the qualified project sponsor in the eligible site**

1 preparation costs, including interest, established under subsection (7) of this section has
2 been recovered, at which time the tax reimbursement arrangement shall end; or

3 “(b) Enter into a loan agreement with the project sponsor under terms and conditions
4 specified and required by the department. In making a determination to enter into a loan
5 agreement with the project sponsor, the department shall consider the reasonableness of the
6 project sponsor’s estimated costs to prepare the site for industrial use, including but not
7 limited to eligible site preparation costs established by the department pursuant to sub-
8 section (7) of this section. The agreement may specify that a portion of the loan may be
9 forgiven if the project sponsor enters into a contract with an eligible employer to conduct a
10 business in the traded sector industry on a regionally significant industrial site within seven
11 years after the project sponsor was qualified under this section.

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

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

15 “(B) Fifty percent of the amount of the estimated incremental income tax revenues for
16 the eligible employer for the term of the loan.

17 “(b) Loan forgiveness may not be allowed under subsection (5) of this section if any por-
18 tion of the loan that would not be forgiven would be repaid by the project sponsor with state
19 funds received from any source.

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

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

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

25 “(c) Water and sewer infrastructure.

26 “(d) Natural resource mitigation.

27 “(e) Site grading activities.

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

30 “(g) Planning, engineering and administrative costs associated with applying for neces-
31 sary local, state and federal permits.

32 “(h) Interest-carrying costs incurred by a project sponsor for amounts borrowed to de-
33 velop a regionally significant industrial site, not to exceed 20 percent of the total amount
34 forgiven, if any, under subsection (5) of this section.

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

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

39 “(a) A penalty or fine; or

40 “(b) Environmental remediation activities conducted at a regionally significant industrial
41 site that is listed or proposed to be listed as a national priority pursuant to the Compre-
42 hensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9605) for
43 which the project sponsor, eligible employer or any party to the tax reimbursement ar-
44 rangement or loan agreement is liable under 42 U.S.C. 9607 at that regionally significant in-
45 dustrial site.

1 “(10) The department shall adopt rules to administer and implement the provisions of this
2 section including, but not limited to, the development of performance measures for eligible
3 employers regarding job creation and compensation under section 2 (2)(b) of this 2013 Act.

4 “**SECTION 4.** (1) Beginning with the tax year following the fifth tax year in which a
5 project sponsor was qualified under section 3 of this 2013 Act, on or before April 1 following
6 each tax year in which employees of an eligible employer will be required to pay personal
7 income taxes under ORS chapter 316, the eligible employer and the project sponsor with
8 which the eligible employer has entered into a contract under sections 1 to 5 of this 2013 Act
9 shall submit a report to the Oregon Business Development Department, in addition to any
10 other reporting or filing requirement, that contains the annual amount of taxable income
11 and total compensation paid to employees of the eligible employer and any other information
12 that may be required by the Oregon Business Development Department and the Oregon De-
13 partment of Administrative Services under this section.

14 “(2) Upon receipt of information compiled under subsection (1) of this section, the Oregon
15 Department of Administrative Services shall determine the annual amount of estimated in-
16 cremental income tax revenues generated by an eligible employer per tax year, beginning
17 with the tax year following the fifth tax year in which a project sponsor was qualified under
18 section 3 of this 2013 Act.

19 “(3) In determining the amount of estimated incremental income tax revenues generated
20 by an eligible employer under this section, the Oregon Department of Administrative Ser-
21 vices may rely on reasonable techniques of estimation, if appropriate.

22 “(4) Not later than May 15 of each fiscal year, the Oregon Department of Administrative
23 Services shall certify the amounts determined under subsection (2) of this section to the
24 Department of Revenue, the Legislative Revenue Officer and the Legislative Fiscal Officer.

25 “(5) Not later than June 15 of each fiscal year, after receiving the certification under
26 subsection (4) of this section, the Department of Revenue shall transfer to the Oregon In-
27 dustrial Site Readiness Program Fund established in section 5 of this 2013 Act an amount
28 equal to 50 percent of the amount of estimated incremental income tax revenues certified
29 under subsection (4) of this section.

30 “(6) The Department of Revenue shall retain unreceipted revenue from the tax imposed
31 under ORS chapter 316 in an amount necessary to make the transfers required under sub-
32 section (5) of this section. The department shall make the transfers out of the unreceipted
33 revenue in lieu of paying the revenue over to the State Treasurer for deposit in the General
34 Fund.

35 “(7) The Oregon Business Development Department and the Oregon Department of Ad-
36 ministrative Services shall adopt rules necessary to administer this section. The Department
37 of Revenue may adopt rules necessary to administer this section.”.

38 In line 9, before the period insert “, including but not limited to moneys transferred by the De-
39 partment of Revenue to the fund under section 4 of this 2013 Act”.

40 After line 13, insert:

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

42 “285C.635. (1) Upon receipt of information compiled under ORS 285C.615, the Oregon Depart-
43 ment of Administrative Services shall determine the annual amount of personal income tax revenue
44 attributable to each eligible project for which an eligible business firm received a property tax ex-
45 emption under ORS 307.123. **The amount of personal income tax revenue attributable to each**

1 **eligible project under this subsection may not include personal income tax revenue attribut-**
2 **able to the estimated incremental income tax revenues generated by an eligible employer in**
3 **connection with a tax reimbursement arrangement or loan agreement that has been entered**
4 **into under the Oregon Industrial Site Readiness Program established by section 3 of this 2013**
5 **Act.**

6 “(2) In determining the amount of personal income tax revenue attributable to each eligible
7 project, the department may rely on reasonable techniques of estimation, if appropriate.

8 “(3) In each fiscal year, the department shall transfer 50 percent of the cumulative amount for
9 all eligible projects determined under subsection (1) of this section to the Shared Services Fund es-
10 tablished in ORS 285C.639.

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

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

13 “316.502. (1) The net revenue from the tax imposed by this chapter, after deducting refunds **and**
14 **amounts described in section 4 of this 2013 Act**, shall be paid over to the State Treasurer and
15 held in the General Fund as miscellaneous receipts available generally to meet any expense or ob-
16 ligation of the State of Oregon lawfully incurred.

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

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

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

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

24 “**SECTION 8. Notwithstanding any other law limiting expenditures, the limitation on**
25 **expenditures established by section 3 (1), chapter _____, Oregon Laws 2013 (Enrolled House**
26 **Bill 5028), for the biennium beginning July 1, 2013, as the maximum limit for payment of ex-**
27 **penditures from lottery moneys allocated from the Administrative Services Economic Develop-**
28 **ment Fund to the Oregon Business Development Department, is increased by \$179,254 for the**
29 **Oregon Industrial Site Readiness Program.”.**

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

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