

ENTERPRISE ZONES

(Short Title)

285C.045 Short title. ORS 285C.050 to 285C.250 shall be known and may be cited as the Oregon Enterprise Zone Act. [Formerly 285C.260]

(Definitions)

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

(1) “Assessment date” and “assessment year” have the meanings given those terms in ORS 308.007.

(2) “Authorized business firm” means an eligible business firm that has been authorized under ORS 285C.140.

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

(4) “County average annual wage” means:

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

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

(5) “Electronic commerce” means engaging in commercial or retail transactions predominantly over the Internet or a computer network, utilizing the Internet as a platform for transacting business, or facilitating the use of the Internet by other persons for business transactions, and may be further defined by the Oregon Business Development Department by rule.

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

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

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

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

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

(11) “In service” means being used or occupied or fully ready for use or occupancy for commercial purposes consistent with the intended operations of the business firm as described in the application for authorization.

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

(13) “New employees hired by the firm”:

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

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

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

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

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

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

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

(16) “Qualified property” means property described under ORS 285C.180.

(17) “Rural enterprise zone” means:

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

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

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

(19) “Sponsor” means:

(a) The city, county or port, or any combination of cities, counties or ports, that received approval of an enterprise zone under ORS 284.150 and 284.160 (1987 Replacement Part), under ORS 285C.065 and 285C.075, under ORS 285C.085 or under ORS 285C.250;

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

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

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

(20) “Tax year” has the meaning given that term in ORS 308.007.

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

(22) “Year” has the meaning given that term in ORS 308.007. [Formerly 285B.650; 2005 c.94 §2; 2005 c.704 §1; 2007 c.71 §84; 2007 c.895 §16; 2010 c.76 §18]

(Findings)

285C.055 Legislative findings. The Legislative Assembly finds and declares that the health, safety and welfare of the people of this state are dependent upon the continued encouragement, development, growth and expansion of employment, business, industry and commerce throughout all regions of the state, but especially in those communities at the center of or outside major metropolitan areas for which geography may act as an economic hindrance. The

Legislative Assembly further declares that there are areas in the state that need the particular attention of government to help attract private business investment into these areas and to help resident businesses to reinvest and grow and that many local governments wish to have tax incentives and other assistance available to stimulate sound business investments that support and improve the quality of life. Therefore, it is declared to be the purpose of ORS 285C.050 to 285C.250 to stimulate and protect economic success in such areas of the state by providing tax incentives for employment, business, industry and commerce and by providing adequate levels of complementary assistance to community strategies for such interrelated goals as environmental protection, growth management and efficient infrastructure. [Formerly 285B.665]

(Duties of Oregon Business Development Department)

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

- (1) Adopt any rules the department considers necessary to administer ORS 285C.050 to 285C.250.
- (2) Assist a sponsor of an enterprise zone in its efforts to retain, expand, start or recruit eligible business firms.
- (3) Assist an eligible business firm doing business within an enterprise zone to obtain the benefits of applicable incentive or inducement programs authorized by Oregon law.
- (4) Take action necessary to participate in the federal enterprise zone program pursuant to ORS 285C.085.
- (5) Process sponsor requests for boundary amendments under ORS 285C.115.
- (6) Take action necessary to terminate or designate zones under ORS 285C.245 or 285C.250.
- (7) Assist in implementing first-source hiring agreements by publicly funded job training providers with authorized business firms and in ensuring compliance with business firm eligibility requirements and with provisions addressing the avoidance of job losses outside of enterprise zones. [Formerly 285B.668]

(Creation of Enterprise Zone)

285C.065 Application for designation as enterprise zone; consent of governing body; contents. (1) Any city, county or port may apply to the Director of the Oregon Business Development Department for designation of an area within that city, county or port as an enterprise zone. A port shall obtain the consent of the governing body of the county prior to applying to the Oregon Business Development Department for designation of an area as an enterprise zone. With the prior consent of the governing body of the city or port, a county may apply to the department on behalf of a city or port for designation of any area within that city or port as an enterprise zone. With the prior consent of the governing body of a city, a port may apply to the department on behalf of a city for designation of any area that is wholly or partially shared territory of both the port and city as an enterprise zone. With the prior consent of the governing body of a port, a city may apply to the department on behalf of a port for designation of any area that is wholly or partially shared territory of both the city and port as an enterprise zone.

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

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

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

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

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

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

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

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

(a) Proposals to enhance the level or efficiency of local public services within the proposed enterprise zone including, but not limited to, fire-fighting and police services; and

(b) Proposals for local incentives and local regulatory flexibility to authorized business firms.

(5) In the case of joint applications by more than one local government unit, each city, county or port joining in the application may include proposals for enhanced local public services, local

incentives or local regulatory flexibility to be effective within the boundaries of that local government unit.

(6) Proposals under subsection (4) or (5) of this section for enhanced local public services, local incentives or local regulatory flexibility included in the application by a city, county or port for an enterprise zone are binding upon the city, county or port if an enterprise zone is designated wholly or partly within its boundaries. [Formerly 285B.656; 2005 c.704 §4]

285C.066 City, county or port consent; rules. The Oregon Business Development Department may adopt rules related to the consent required from a city, county or port under ORS 285C.065 in order for a city, county or port to apply for enterprise zone designation under ORS 285C.065. [2005 c.704 §5]

Note: 285C.066 and 285C.067 were enacted into law by the Legislative Assembly but were not added to or made a part of ORS chapter 285C or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

285C.067 Consultation with local taxing districts; rules. (1) A city, county or port that seeks to apply to the Director of the Oregon Business Development Department for enterprise zone designation under ORS 285C.065 shall consult with all local taxing districts with territory in the proposed zone prior to filing the application.

(2) The Oregon Business Development Department may adopt rules on the consultations required under subsection (1) of this section and procedures related to the consultations. [2005 c.704 §6]

Note: See note under 285C.066.

285C.068 Port cosponsorship of zones. (1) A port located in whole or in part within an existing enterprise zone may submit a request to the Oregon Business Development Department to be a cosponsor of the enterprise zone. The request shall include:

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

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

(c) Other information required by the department.

(2) The department shall review the request for addition of the port as a cosponsor of the enterprise zone. If the request is incomplete or does not satisfy the requirements of this section, the department shall seek additional information as necessary or shall return the request to the port. If the request is returned, the port may submit a revised request at any time. If the request is complete and does satisfy the requirements of this section, the Director of the Oregon Business Development Department shall approve the request.

(3) The addition of a port as a cosponsor of an existing enterprise zone under this section does not change the termination date of the enterprise zone under ORS 285C.245 (2). [2005 c.704 §14]

285C.070 Election to permit hotels, motels or destination resorts as eligible business firms; procedures; election revocation. (1) The governing body of a city or county that is seeking enterprise zone designation under ORS 285C.065 may elect to permit a business firm operating a hotel, motel or destination resort to be an eligible business firm with respect to those operations.

(2) The election must be made at the time the application for zone designation under ORS 285C.065 is made or any time thereafter and before the expiration of six months following the date the zone is designated.

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

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

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

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

(B) Within the unincorporated territory of a county in favor of hotel, motel and destination resort exemption, if one or more cities are not in favor of hotel, motel and destination resort exemption; or

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

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

(5) The sponsor may by resolution revoke an election made under this section. If an election is revoked, the sponsor may not make another election under this section. [2003 c.662 §17]

285C.075 Review of application by department; designation approval; reapplication upon denial. (1) The Oregon Business Development Department shall review each application for designation of an enterprise zone, and shall secure any additional information that the department considers necessary for the purpose of determining whether the area described in the application qualifies for designation as an enterprise zone.

(2) The department shall complete review of the application within 60 days of the last date designated for receipt of an application. After review of the applications, the department shall forward those qualified applications to the Director of the Oregon Business Development Department. The director shall determine which applications have the greatest potential for accomplishing the purposes of ORS 285C.050 to 285C.250.

(3) As authorized under ORS 285C.080 or 285C.250, the director may approve the designation of one or more enterprise zones. The determination by the director as to the areas designated enterprise zones shall be final.

(4) If an application for enterprise zone designation is denied, the governing body of the cities, counties or ports submitting the application shall be informed of that fact together with the reasons for the denial. Cities, counties or ports may reapply to the department for designation of an area as an enterprise zone. [Formerly 285B.659; 2005 c.704 §7]

285C.080 Limitation on number of zones. (1) As provided in ORS 285C.065 and 285C.075, the Director of the Oregon Business Development Department may approve the designation of:

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

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

(2) Areas designated as enterprise zones under this section are in addition to the 30 areas designated or redesignated as enterprise zones by order of the Governor under ORS 284.160 (1987 Replacement Part) before October 3, 1989, areas redesignated under ORS 285C.250, areas designated under ORS 285C.085 and areas designated under ORS 285C.306. [Formerly 285B.653; 2005 c.704 §§2,2a; 2012 c.71 §1]

285C.085 Federal enterprise zones. (1) The Oregon Business Development Department shall be the lead agency for state participation in a federal enterprise zone program. The Director of the Oregon Business Development Department may take action necessary for such participation to the extent allowed by state law.

(2) Any area designated as a federal enterprise zone by an agency of the federal government may be designated as a state enterprise zone by the director at the request of a city, county or port within whose jurisdiction some or all of the federal enterprise zone is located, without regard to any limitation contained in ORS 285C.090.

(3) The boundary of an existing state enterprise zone may be amended by the director at the request of the sponsor to include the entire area of a federal enterprise zone without regard to ORS 285C.115 (2). A change in the boundary of an existing state enterprise zone under this subsection does not change the termination date of the enterprise zone under ORS 285C.245 (2).

(4) A request by a city, county or port under subsection (2) or (3) of this section shall be in such form and include such information as required by the department, but the request must:

(a) Include a resolution adopted by the governing body of the city, county or port; and

(b) Provide that all areas within both the federal enterprise zone and the city, county or port are included in a state enterprise zone.

(5) The termination under federal law of a federal enterprise zone does not affect the existence or dimensions of a state enterprise zone, except when, as determined by the director, the termination is for nonperformance or for violations of federal guidelines. [Formerly 285B.677; 2005 c.704 §8]

285C.090 Requirements for area to be designated zone; exception. (1) A proposed enterprise zone must be located in a local area in which:

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

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

(c) The Oregon Business Development Department determines on a case-by-case basis using evidence provided by the cities, counties or ports applying for designation of the proposed enterprise zone that there exists a level of economic hardship at least as severe as that described in paragraph (a) or (b) of this subsection. The evidence must be based on the most recently available data from official sources and may include a contemporary decline of the population in the proposed enterprise zone, the percentage of persons in the proposed enterprise zone below the poverty level relative to the percentage of the entire population of this state below the poverty level or the unemployment rate for the county or counties in which the proposed enterprise zone is located.

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

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

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

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

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

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

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

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

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

(5) This section does not apply to the designation or redesignation of a reservation enterprise zone or a reservation partnership zone. [Formerly 285B.662; 2005 c.94 §4; 2005 c.704 §9; 2007 c.71 §85; 2010 c.76 §19; 2012 c.71 §2]

(Electronic Commerce)

285C.095 Designation for electronic commerce; application; revocation. (1) A sponsor of an existing enterprise zone may seek to have the zone designated for electronic commerce under this section.

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

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

(4) The department shall review applications for electronic commerce designation and shall approve no more than 10 zones for electronic commerce designation.

(5) The sponsor may by resolution revoke an electronic commerce designation made under this section. If an election is revoked, the sponsor may not subsequently seek reinstatement of electronic commerce designation. [Formerly 285B.672; 2005 c.667 §1]

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

(a) By resolution of the governing body of the city, declares itself a city designated for electronic commerce;

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

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

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

(2) Only one city may be designated for electronic commerce under this section, and that designation shall be made without consideration of the numeric limitations imposed by ORS 285C.095.

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

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

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

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

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

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

(4) For the purpose of determining the boundaries of a city designated for electronic commerce, “city” includes:

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

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

(c) Territory that is added to the urban growth boundary described in paragraph (b) of this subsection, as of the date the urban growth boundary is extended to such territory. [Formerly 285B.673; 2005 c.94 §5]

(Management of Enterprise Zone)

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

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

(b) Provide enhanced local public services, local incentives and local regulatory flexibility included in the application for designation of the enterprise zone or in the resolution under ORS 285C.115 (7) to authorized or qualified business firms and assist authorized or qualified business firms in using enhanced local public services, local incentives and local regulatory flexibility.

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

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

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

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

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

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

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

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

(2) If more than one city, county or port sponsors an enterprise zone, the jurisdictions shall act jointly in performing the duties imposed on a sponsor under ORS 285C.050 to 285C.250. [Formerly 285B.671; 2005 c.704 §10; 2010 c.39 §4]

285C.110 Availability of public property. Subject to the requirements of the Oregon Constitution or any other applicable law, the State of Oregon and municipal corporations that own any real property within an enterprise zone that is zoned for use by eligible businesses and that is not used or designated for some public purpose shall make that real property available for lease or purchase by authorized business firms. Real property shall be leased or sold under this section only upon the condition that the authorized business firm promptly develop the real property for a use that is consistent with the use described in the application for authorization under ORS 285C.140. [Formerly 285B.674]

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

(a) A copy of the resolution of the governing body of the sponsor requesting the change;

(b) If subsection (7) of this section applies, a copy of the resolution described in subsection (7) of this section;

(c) A map clearly indicating the existing boundary and the proposed change thereto;

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

(e) Other information required by the department.

(2) The amended enterprise zone shall:

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

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

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

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

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

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

(4) A request under subsection (1) of this section may include a proposal to:

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

(b) Change the name of the enterprise zone.

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

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

(7) If an area to be added to an enterprise zone is under the jurisdiction of a city, county or port that is not a sponsor of the enterprise zone, the governing body of that city, county or port shall submit a resolution requesting the change and requesting that the city, county or port become a sponsor, or shall submit a resolution consenting to the change, as provided under ORS 285C.065 (1). The resolution of the joining city, county or port shall be submitted jointly with the resolution adopted by the governing body of the existing sponsor. The joining resolution of the city, county or port may:

(a) Include a binding proposal for enhanced local public services, local incentives or local regulatory flexibility to be effective within the portion of the enterprise zone to be under the jurisdiction of that city, county or port; or

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

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

(9) A change in the boundary of an enterprise zone under this section does not change the termination date of the enterprise zone under ORS 285C.245 (2). [Formerly 285B.680; 2005 c.94 §6; 2005 c.704 §11; 2010 c.76 §20]

285C.120 Zone boundary change restrictions when county ceases to be sparsely populated; waiver of distance limitations; rules. (1) If the population density of a county increases to more than 100 persons per square mile, so that the county is no longer a sparsely populated county, any existing rural enterprise zone located wholly or partly within that county that was designated or that had its zone boundary changed shall continue to exist with that zone

boundary until terminated. A boundary change under ORS 285C.115 that is subsequent to the date on which the county ceases to be a sparsely populated county may not add an area to the zone that:

- (a) Is a separate area farther than five miles from the nearest point on the existing boundary;
- (b) Increases the distance between the two points in the zone that are the farthest apart; or
- (c) Creates a new line of distance to the farthestmost opposite point in the zone that is longer than the greatest distance between any two existing points in the zone.

(2) An applicant for designation under ORS 285C.065 or a sponsor requesting a change to a rural enterprise zone under ORS 285C.115 in a sparsely populated county may seek a waiver of the distance limitations imposed on the zone under ORS 285C.090 (4). The Director of the Oregon Business Development Department shall grant all or part of the waiver if:

- (a) The proposed designation is to be made or the proposed boundary change satisfies all other requirements for a boundary change under ORS 285C.115; and
- (b) The director determines, consistent with rules adopted by the Oregon Business Development Department, that designation of a separate enterprise zone is not a practical option under the particular circumstances, that the overall distances involved can be effectively administered and that the waiver will further the goals and purposes of ORS 285C.050 to 285C.250. [Formerly 285B.683; 2005 c.94 §7]

(Duties of Property Tax Administrators)

285C.125 Duties of Department of Revenue; rules. For the purposes of ORS 285C.050 to 285C.250, the Department of Revenue shall:

- (1) Adopt any rules the Department of Revenue considers necessary to implement ORS 285C.125, 285C.130, 285C.140, 285C.145, 285C.165, 285C.175, 285C.180, 285C.185, 285C.190, 285C.220, 285C.225, 285C.230, 285C.235 and 285C.240.
- (2) Assist the Oregon Business Development Department, county assessors and the sponsors of enterprise zones in their efforts to authorize or qualify eligible business firms.
- (3) Assist an eligible business firm proposing to do business within an enterprise zone or doing business within an enterprise zone to obtain the benefits of applicable tax incentive or inducement programs administered or supervised by the Department of Revenue.

(4) Issue and print forms and worksheets to be used by business firms to make authorization applications or exemption claims. [Formerly 285B.692; 2005 c.94 §8]

285C.130 Duties of county assessor. The assessor of a county within which an enterprise zone is located shall:

(1) Assist the sponsor, the local zone manager appointed by the sponsor and business firms in determining whether property will qualify for a property tax exemption under ORS 285C.175.

(2) Review and approve or deny applications from eligible business firms for authorization under ORS 285C.140.

(3) Process claims for property tax exemptions filed under ORS 285C.220 and exempt the qualified property of authorized business firms from ad valorem property taxation in accordance with ORS 285C.050 to 285C.250.

(4) Take action necessary under ORS 285C.240.

(5) Submit a written report to the Department of Revenue on or before July 1 of each assessment year. The report for each enterprise zone, or portion of a zone that is located in the county, shall include the following information, organized by business firm:

(a) The assessor's estimate of the assessed value of qualified property that was exempt under ORS 285C.175 for the previous tax year and the taxes that would have been imposed on the qualified property, as entered on the assessment and tax roll under ORS 285C.175 (7).

(b) The annual average number of employees of the firm within the enterprise zone during the previous assessment year, as reported on the exemption claim filed under ORS 285C.220.

(c) The annual average compensation for the previous assessment year of new employees hired by the firm within the enterprise zone, if the firm is subject to the annual compensation requirements of ORS 285C.160 (3), as reported on the exemption claim filed under ORS 285C.220.

(d) The assessor's estimate of the assessed value, for the current tax year, of qualified property that was exempt under ORS 285C.175 for the previous tax year and that is not exempt under ORS 285C.175 for the current tax year.

(e) The total investment cost of qualified property first reported on the exemption claim filed under ORS 285C.220 that includes a property schedule submitted by the business firm pursuant to ORS 285C.225 for the current tax year.

(f) The current number of employees of the firm, as reported on the exemption claim filed under ORS 285C.220 and described in paragraph (e) of this subsection.

(g) Any other information the assessor or the Department of Revenue considers appropriate.

(6) Send a copy of a report prepared under subsection (5) of this section to the sponsor of the enterprise zone and to the Oregon Business Development Department. [Formerly 285B.695]

(Eligible Business Firms)

285C.135 Requirements for eligibility. (1) To be an eligible business firm, a business firm must be engaged, or proposing to engage, within the enterprise zone, in the business of providing goods, products or services to businesses or other organizations through activities including, but not limited to, manufacturing, assembly, fabrication, processing, shipping or storage.

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

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

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

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

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

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

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

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

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

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

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

(d) A business firm that is engaged in electronic commerce if the enterprise zone has been approved for electronic commerce designation under ORS 285C.095. [Formerly 285B.707]

(Authorization)

285C.140 Application for authorization; contents; filing fee; consultation; approval; appeal; late filing. (1)(a) Any eligible business firm seeking to have property exempt from property taxation under ORS 285C.175 shall, before the commencement of direct site preparation activities or the construction, addition, modification or installation of qualified property in an enterprise zone, and before the hiring of eligible employees, apply for authorization under this section.

(b) The application shall be made on a form prescribed by the Department of Revenue and the Oregon Business Development Department.

(c) The application shall be filed with the sponsor of the zone. A sponsor may require that the application filed with the sponsor be accompanied by a filing fee. If required, the filing fee may not exceed the greater of \$200 or one-tenth of one percent of the value of the investment in qualified property that is proposed in the application for authorization. The filing fee may be required for the filing of applications only after the sponsor adopts a policy, consistent with Oregon Business Development Department rules, authorizing the imposition of the filing fee.

(2) The application shall contain the following information:

(a) A description of the nature of the firm's current and proposed business operations inside the boundary of the enterprise zone;

(b) A description and estimated value of the qualified property to be constructed, added, modified or installed inside the boundary of the enterprise zone;

(c) The number of employees of the firm that are employed within the enterprise zone, averaged over the previous 12 months, and an estimate of the number of employees that will be hired by the firm;

(d) A commitment to meet all requirements of ORS 285C.200 and 285C.215, and to verify compliance with these requirements;

(e) A commitment to satisfy all additional conditions for authorization that are imposed by the enterprise zone sponsor under ORS 285C.150, 285C.155 or 285C.205 or pursuant to an agreement entered into under ORS 285C.160, and to verify compliance with these additional conditions;

(f) A commitment to renew the application, consistent with ORS 285C.165, every two years while the zone exists if the firm has not filed a claim under ORS 285C.220 that is based on the application; and

(g) Any other information considered necessary by the Department of Revenue and the Oregon Business Development Department.

(3) After an application is submitted to a sponsor, the business firm may revise or amend the application. An amendment or revision may not be made on or after January 1 of the first assessment year for which the qualified property associated with the application is exempt under ORS 285C.175.

(4) If an application for authorization appears to be complete and the proposed investment appears to be eligible for authorization, the sponsor and the business firm shall conduct a preauthorization consultation. The county assessor shall be timely notified and have the option to participate in the consultation. The consultation shall:

(a) Identify issues with the potential to affect compliance with relevant exemption requirements, including but not limited to enterprise zone boundary amendments;

(b) Arrange for methods and procedures to establish and verify compliance with applicable requirements; and

(c) Identify the person who is obligated to notify the county assessor if requirements are not being satisfied.

(5) Upon completion of the consultation, the sponsor shall prepare a written summary of the consultation made under subsection (4) of this section, attach the summary to the application and forward the application to the county assessor of each county in which the zone is located for review by the assessor.

(6) Following the preauthorization conference under subsection (4) of this section, the sponsor and the county assessor shall authorize the business firm by approving the application, if the sponsor and county assessor determine that:

(a) The current or proposed operations of the business firm in the enterprise zone result in the firm being eligible under ORS 285C.135; and

(b) The firm has made the commitments and provided the other information required under subsection (2) of this section.

(7) If the business firm seeking authorization is an eligible business firm described in ORS 285C.135 (5)(b), the sponsor must, as a condition to approving the application, make a formal finding that the business firm is an eligible business firm under ORS 285C.135 and that the size of the proposed investment, the employment at the facility of the firm or the nature of the activities undertaken by the firm within the enterprise zone will significantly enhance the local economy, promote the purposes for which the zone was created and increase employment within the zone.

(8) The approval of both the sponsor and the county assessor under this section shall be prima facie evidence that the qualified property of the business firm will receive the property tax exemption under ORS 285C.175. In approving the application, the sponsor and county assessor shall provide proof of approval as directed by the Oregon Business Development Department.

(9) If the sponsor or county assessor fails or refuses to authorize the business firm, the business firm may appeal to the Oregon Tax Court under ORS 305.404 to 305.560. The business firm shall provide copies of the firm's appeal to the sponsor, county assessor, the Department of Revenue and the Oregon Business Development Department.

(10) Authorization under this section does not ensure that property constructed, added, modified or installed by the authorized business firm will receive property tax exemption under ORS 285C.175. The sponsor and the county assessor are not liable in any way if the Department of Revenue or the county assessor later determines that an authorized business firm does not satisfy the requirements for an exemption on qualified property.

(11) Notwithstanding subsection (1) of this section, if an eligible business firm has begun or completed the construction, addition, modification or installation of property that meets the qualifications of ORS 285C.180, and the property has not yet been subject to property tax, then, for purposes of ORS 285C.050 to 285C.250, the firm shall be authorized under this section if the

firm files an application that is allowed under subsection (12) of this section and is otherwise authorized under this section.

(12) Late submission of an application under this section is allowed if:

(a) A rule permits late submissions of applications under this section; or

(b) The Department of Revenue waives filing deadline requirements under this section. The department shall issue a letter to the eligible business firm and zone sponsor setting forth the waiver under this paragraph. [Formerly 285B.719]

285C.145 Leasing existing property to authorized firm; failure to timely file for authorization; certain records exempt from disclosure. (1) The Legislative Assembly finds that the standard procedure for authorization in an enterprise zone inappropriately deters development or redevelopment of qualified buildings on speculation for subsequent sale or lease to eligible business firms.

(2) Notwithstanding ORS 285C.140 (1), a new building or structure or an addition to or modification of an existing building or structure may qualify for the exemption allowed under ORS 285C.175 if the qualified property is leased or sold by an unrelated party to one or more authorized business firms after commencement of the construction, addition or modification but prior to use or occupancy of the qualified property.

(3) A business firm may not be considered authorized and is not qualified for the exemption allowed under ORS 285C.175 if the county assessor discovers prior to initially granting the exemption that the application for authorization was not submitted by the business firm in a timely manner in accordance with ORS 285C.140, except as allowed under subsection (2) of this section or ORS 285C.140 (11) and (12).

(4) Records, communications or information submitted to a public body by a business firm for purposes of ORS 285C.050 to 285C.250 that identify a particular qualified property, that reveal investment plans prior to authorization, that include the compensation the firm provides to firm employees, that are described in ORS 192.502 (17) or that are submitted under ORS 285C.225 or 285C.235 are exempt from disclosure under ORS 192.410 to 192.505 and, as appropriate, shall be shared among the county assessor, the zone sponsor, the Department of Revenue and the Oregon Business Development Department. [Formerly 285B.701; 2007 c.152 §3]

285C.150 Conditions required by sponsor for authorization; reports. (1) The sponsor of an urban enterprise zone may require an eligible business firm seeking authorization under ORS 285C.140 to satisfy other conditions in order for the firm to be authorized.

(2) The conditions that a sponsor may impose under this section must be reasonably related to the public purpose of providing opportunities for groups of persons, as defined by the sponsor, to obtain employment, including but not limited to providing training to these groups of persons.

(3) The sponsor may establish procedures for monitoring and verifying compliance with conditions imposed on the firm under this section and require the firm to agree to the procedures as a condition to authorizing the firm.

(4) Conditions established under this section may be imposed on a firm only if the sponsor has adopted a policy that establishes standards for the imposition of the conditions.

(5) Conditions imposed by a sponsor under this section shall be in addition to, and not in lieu of, conditions and requirements imposed under ORS 285C.050 to 285C.250 or pursuant to an agreement entered into under ORS 285C.160 and do not affect the duties of the Department of Revenue or of the county assessor under ORS 285C.050 to 285C.250.

(6) A sponsor of an urban enterprise zone that imposes conditions for authorization on eligible business firms under this section shall submit a written report every four years to the Legislative Assembly concerning the application and effects of the conditions on business firms within the enterprise zone. [2003 c.662 §32]

285C.155 Minimum employment and other requirements for authorization. For purposes of ORS 285C.200 (2):

(1) The sponsor of an enterprise zone, at the time authorization is sought by a business firm under ORS 285C.140, shall establish a minimum number of employees the firm must maintain in the enterprise zone throughout the exemption period.

(2) The sponsor, at the time authorization is sought by a business firm under ORS 285C.140, may establish other reasonable conditions with which the firm must comply in order for qualified property of the firm to be exempt under ORS 285C.175.

(3) Employment requirements and other conditions established by the sponsor under this section shall be set forth in a resolution adopted by the governing body of the sponsor at the time the sponsor approves the application of the business firm for authorization under ORS 285C.140.

(4) A resolution adopted pursuant to this section may be modified at the request of the business firm at any time prior to the start of the first tax year for which an exemption under ORS 285C.175 is claimed. [2003 c.662 §33]

285C.160 Agreement between firm and sponsor for additional period of exemption; requirements. (1) An eligible business firm seeking authorization under ORS 285C.140 and the sponsor of the enterprise zone in which the firm intends to invest may enter into a written agreement to extend the period during which the qualified property is exempt from taxation under ORS 285C.175 if the firm complies with the terms of the agreement.

(2) The period for which the qualified property is to continue to be exempt must be set forth in the agreement and may not exceed two additional tax years.

(3) In order for an agreement under this section to extend the period of exemption, the agreement must be executed on or before the date on which the firm is authorized, and:

(a) If the enterprise zone is a rural enterprise zone or an urban enterprise zone located inside a metropolitan statistical area of fewer than 400,000 residents, the agreement must require that the firm meet both of the following:

(A) Annually compensate all new employees hired by the firm at an average rate of not less than 150 percent of the county average annual wage for each assessment year during the tax exemption period, as determined at the time of authorization.

(B) Any additional requirement that the sponsor may reasonably request.

(b) If the enterprise zone is an urban enterprise zone located inside a metropolitan statistical area of 400,000 residents or more, the agreement must require that the firm meet any additional requirement the sponsor may reasonably require.

(4) If a firm enters into an agreement under this section that includes a compensation requirement under subsection (3)(a)(A) of this section and the firm subsequently submits one or more statements of continued intent under ORS 285C.165, notwithstanding the terms of the agreement made under this section, for each statement of continued intent submitted, the county average annual wage under subsection (3)(a)(A) of this section shall be adjusted to a level that is current with the statement. [2003 c.662 §34; 2005 c.94 §9]

285C.165 Extension of period of authorization; filing fee. (1) In the case of an authorized business firm that has not yet claimed the exemption under ORS 285C.175 on qualified property:

(a) After the January 1, but on or before the April 1, that first occurs more than two years after the application for authorization is approved, an authorized business firm shall submit a written statement to both the sponsor and the county assessor attesting to the firm's continued intent to complete the proposed investment and seek the enterprise zone exemption. The statement may include significant changes to the descriptions and estimates of anticipated

qualified property or employment. If the firm is subject to a compensation requirement under ORS 285C.160 (3)(a)(A), the statement shall acknowledge that the applicable county average annual wage in the agreement is updated to equal the level that is current with the statement.

(b) Every two years after the submission of a statement described in paragraph (a) of this subsection, the firm shall submit another such statement. The statement must be submitted after January 1, but on or before April 1 of that year.

(2) If the firm fails to submit a statement required under subsection (1) of this section, the authorization of the firm shall be considered inactive. An inactive authorized business firm may claim the exemption under ORS 285C.175 only as provided under subsection (3) of this section.

(3)(a) An inactive authorized business firm may file an exemption claim under ORS 285C.220 only if the claim includes a filing fee equal to the greater of \$200 or one-tenth of one percent of the real market value of the qualified property listed in the property schedule that is filed with the claim.

(b) The filing fee required under this subsection is in addition to and not in lieu of any other required filing fee.

(c) An exemption under ORS 285C.175 may not be granted if the filing fee does not accompany the claim.

(d) The real market value of the property used to determine the filing fee under this subsection may be appealed in the same time and manner as other determinations of value made by the assessor are appealed.

(e) Any filing fee collected under this subsection shall be deposited to the county general fund.

(4) If an inactive authorized business firm is subject to a compensation requirement under ORS 285C.160 (3)(a)(A) and files a claim for exemption under ORS 285C.220 in the manner prescribed in subsection (3) of this section, notwithstanding the terms of the agreement executed under ORS 285C.160, the applicable county average annual wage shall be updated to equal the level that is current with the date of the filing of the claim.

(5) This section applies only until the enterprise zone is terminated. Following zone termination, ORS 285C.245 applies. [2003 c.662 §34a]

(Exemptions)

285C.170 Construction-in-process exemption. (1) Property shall be exempt from ad valorem property taxation under this section if:

(a) The property is located in an enterprise zone;

(b) The property is owned or leased by an authorized business firm or the business firm is contractually obligated to own or lease the property upon the property's being placed in service;

(c) The property is or, upon completion of the construction, addition, modification or installation of the property, will be qualified property;

(d) The authorization of the business firm remains active under ORS 285C.140 or 285C.165;

(e) The property has not been subject to exemption under ORS 307.330 at the location;

(f) The property is not and will not be centrally assessed under ORS 308.505 to 308.665;

(g) The property is not to be operated as all or a part of a hotel, motel or destination resort; and

(h) There is no known reason to conclude that the property or the firm will not satisfy any applicable requirements for the property to be exempt under ORS 285C.175 upon being placed in service.

(2) Property may be exempt under this section for no more than two tax years, which must be consecutive.

(3) In determining whether property is exempt under this section, the county assessor:

(a) Shall adhere to the same procedures as apply under ORS 285C.175 (6) and (7); and

(b) May require the submission of additional evidence by the authorized business firm or zone sponsor showing that the property qualifies for exemption under this section. If required, the additional evidence must be submitted on or before April 1 of the assessment year.

(4) The exemption under this section does not depend on the property or the authorized business firm receiving the exemption under ORS 285C.175 or satisfying requirements applicable to the exemption under ORS 285C.175.

(5) A year in which property is exempt under this section shall be considered a year in which the property is exempt under ORS 307.330 for purposes of determining the maximum number of years for which the property may be exempt under this section or ORS 307.330. [2003 c.662 §34b]

285C.175 Enterprise zone exemption; requirements; duration. (1) Property of an authorized business firm is exempt from ad valorem property taxation if:

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

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

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

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

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

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

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

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

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

(A) Designation of the zone; or

(B) Approval of a boundary change for the zone if the property is located in an area added to the zone.

(b) An exemption may not be granted for qualified property constructed, added, modified or installed in the zone or in the process of construction, addition, modification or installation in the zone on or before the effective date of the:

(A) Designation of the zone; or

(B) Approval of a boundary change for the zone if the property is located in an area added to the zone.

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

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

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

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

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

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

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

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

(c) Indicate on the assessment roll that the property is exempt and is subject to potential additional taxes as provided in ORS 285C.240, by adding the notation "enterprise zone exemption (potential additional tax)." [Formerly 285B.698]

Note: Sections 3 and 4, chapter 888, Oregon Laws 2007, provide:

Sec. 3. (1) Notwithstanding ORS 285C.175 (4) or 285C.180 (1), property of a business firm that otherwise meets applicable requirements for authorization and qualification under ORS 285C.050 to 285C.250 is exempt from ad valorem taxation as provided in ORS 285C.175 if:

(a) The business firm is engaged in business activities or operations resulting from a transfer or lease of real property between the business firm and a public body; and

(b) At the time of the transfer or lease of real property, according to the most recent federal decennial census:

(A) The business activities or operations are located in a city having a population of more than 2,500 but less than 5,500; and

(B) The enterprise zone is located in a county having a population of more than 6,000 but less than 9,000.

(2) A business firm that satisfies the criteria of subsection (1) of this section is an eligible business firm for purposes of ORS 285C.140.

(3) A business firm described in subsection (2) of this section that seeks to have property exempted from property taxation as provided in ORS 285C.175 shall apply for authorization as provided in ORS 285C.140. [2007 c.888 §3]

Sec. 4. Section 3 of this 2007 Act is repealed on June 30, 2016. [2007 c.888 §4]

(Qualified Property)

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

(a) A newly constructed building or structure.

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

(c) Any real property machinery or equipment or personal property, whether new, used or reconditioned, that is installed on property that is owned or leased by an authorized business firm, and:

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

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

(d) Any property otherwise described in this section that is owned or leased and operated by a business firm that is engaged in electronic commerce, if the enterprise zone in which the property is located is a zone approved for electronic commerce designation under ORS 285C.095.

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

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

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

(c) The property was constructed, added, modified or installed to further the production of income;

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

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

(f) The property is the same general type of property as described in the application for authorization; and

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

(3) Notwithstanding subsection (1) of this section, the following property is not qualified for exemption under ORS 285C.175:

(a) Land.

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

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

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

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

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

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

(5) For purposes of this section and ORS 285C.175, property includes any portion or incremental unit of property that is newly constructed or installed, or that is a new addition to or modification of an existing building or structure. [Formerly 285B.713]

Note: See note under 285C.175.

285C.185 Minimum cost of qualified property; leased property; hotel, motel or destination resort property; electronic commerce property. (1) In order for property to be qualified property under ORS 285C.180, the property must cost:

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

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

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

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

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

(B) In electronic commerce in an enterprise zone approved for electronic commerce designation under ORS 285C.095.

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

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

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

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

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

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

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

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

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

(6)(a) As used in this section, “item of personal property” includes an integrated system consisting of various components.

(b) Consistent with paragraph (a) of this subsection, the Department of Revenue may by rule further define what constitutes an item of personal property for purposes of this section. [2003 c.662 §37]

285C.190 Requirements for qualifying reconditioned, refurbished, retrofitted or upgraded property. (1) Notwithstanding ORS 285C.180 (1)(c), an item of reconditioned, refurbished, retrofitted or upgraded real property machinery or equipment that is owned or leased by an authorized business firm is qualified property under ORS 285C.180 if:

(a) The real property machinery or equipment is idle:

(A) At the time of application for authorization; and

(B) For a period of at least 18 consecutive months before or after the time of application for authorization but preceding the first assessment year of the exemption;

(b) Prior to the period of idleness, the property was in use within the enterprise zone or elsewhere in the county for at least 12 consecutive months;

(c) The reconditioning, refurbishing, retrofitting or upgrading of the property costs at least \$50,000 and is completed in the year immediately preceding the first assessment year in which the property is exempt under ORS 285C.175; and

(d) The business firm applies for authorization before reconditioning, refurbishment, retrofitting or upgrading commences.

(2) The reconditioning, refurbishing, retrofitting or upgrading of an item of real property machinery or equipment described in subsection (1) of this section is a modification and the extent of the exemption under ORS 285C.175 shall be determined as provided in ORS 285C.175 (3)(b)(B).

(3) ORS 285C.175 (4)(a) to (c) does not apply to qualified property described in subsection (1) of this section. [Formerly 285B.714]

285C.195 Alternative requirements for qualifying reconditioned, refurbished, retrofitted or upgraded property. Notwithstanding ORS 285C.190, if an authorized business firm files a claim for exemption under ORS 285C.175 prior to April 1, 2004, at the option of the business firm, all of the following apply in lieu of ORS 285C.190:

(1) If the firm completes the reconditioning, refurbishing, retrofitting or upgrading of real property machinery or equipment that is described in ORS 285C.190 (1), the reconditioned, refurbished, retrofitted or upgraded real property machinery or equipment is qualified property under ORS 285B.713 (2001 Edition) and potentially subject to enterprise zone tax exemption for all of the property's value if the following requirements are satisfied:

(a) Prior to the period of idleness, the property was in use within the enterprise zone for at least 12 consecutive months;

(b) The reconditioning, refurbishing, retrofitting or upgrading of the property involved an investment of at least \$3 million; and

(c) As a result of reconditioning, refurbishing, retrofitting or upgrading the property, the value of the property is at least \$25 million more than the assessed value for the tax year prior to the first tax year of the enterprise zone tax exemption.

(2) The reconditioning, refurbishing, retrofitting or upgrading of real property machinery or equipment described in subsection (1) of this section is a modification of property for purposes of ORS 285C.050 to 285C.250.

(3) ORS 285C.175 (4)(a) to (c) does not apply to qualified property described in subsection (1) of this section.

(4) ORS 285C.200 (1)(c) does not apply to a business firm applying for or claiming an enterprise zone tax exemption for qualified property described in subsection (1) of this section if the provisions of ORS 285C.155 for sponsor approval by resolution of the local governing body or bodies are satisfied. [2003 c.662 §38a]

(Firm and Employment Qualifications)

285C.200 Qualifications of business firm; rules. (1) The qualified property of an authorized business firm may be exempt from property taxation under ORS 285C.175 only if the firm meets the following qualifications:

(a) The firm is an eligible business firm engaged in eligible business operations under ORS 285C.135 that are located inside the enterprise zone;

(b) The firm owns or leases qualified property that is located inside the enterprise zone;

(c) The employment of the firm, no later than the date the exemption is claimed under ORS 285C.220 or April 1 following the year in which the investment in qualified property is made, whichever is earlier, is not less than the greater of:

(A) 110 percent of the annual average employment of the firm; or

(B) The annual average employment of the firm plus one employee;

(d) The firm does not diminish employment outside the enterprise zone as described in subsections (5) and (6) of this section;

(e) The firm does not substantially curtail operations within the enterprise zone as described in ORS 285C.210; and

(f) The firm complies in all material respects with local, Oregon and federal laws applicable to the firm's operations inside the enterprise zone since the application for authorization and throughout the period of exemption, as prescribed by rule.

(2) Notwithstanding subsection (1)(c) or (e) of this section, an eligible business firm may meet the qualifications of this section if the firm has satisfied the following requirements:

(a) The firm is authorized subject to ORS 285C.155 and the firm satisfies those requirements; and

(b)(A) The firm completes an investment of \$25 million or more in qualified property; or

(B) The firm fulfills the requirements of ORS 285C.205 and the employment of the firm does not decrease below the annual average employment of the firm.

(3) Notwithstanding subsection (1)(c) or (e) or (2) of this section, an eligible business firm is a qualified business firm under this section if:

(a) The firm is authorized under ORS 285C.140;

(b) The zone sponsor has taken the actions and the firm has satisfied the requirements specified in ORS 285C.203; and

(c) The firm completes an investment of \$4 million or more in qualified property if it is in a rural enterprise zone or \$8 million or more in qualified property if it is in an urban enterprise zone.

(4) An authorized business firm that engages in both eligible and ineligible operations in an enterprise zone and is an eligible business firm because of ORS 285C.135 (3) meets the qualifications of this section if:

(a) The eligible operations of the firm under ORS 285C.135 meet the qualifications of this section; and

(b) The employees of the firm work a majority of their time in eligible operations within the enterprise zone.

(5) A business firm does not meet the qualifications of this section if the firm or any other firm under common control closes or permanently curtails operations in another part of the state more than 30 miles from the nearest boundary of the enterprise zone in which the firm seeks a property tax exemption. This subsection applies to the transfer of any of the business firm's operations to an enterprise zone from another part of the state, if the closure or permanent curtailment in the other part of the state diminished employment in the county and more local labor markets after authorization and on or before December 31 of the first tax year for which any qualified property of the firm in that zone would otherwise be exempt under ORS 285C.175.

(6) An authorized business firm that moves any of its employees from a site or sites within 30 miles from the nearest boundary of the enterprise zone after authorization may meet the qualifications under this section if the employment of the firm has been increased within the zone and at the site or sites from which the employees were transferred, no later than April 1 preceding the first tax year for which qualified property of the firm is exempt under ORS 285C.175, to not less than 110 percent of the annual average employment of the firm within the zone and the site or sites from which the employees were transferred, calculated over the 12 months preceding the date of application for authorization.

(7) For purposes of subsection (1)(f) of this section, the Oregon Business Development Department shall adopt rules that define the effect of noncompliance on an eligible business firm's continuing exemption in an enterprise zone and that indicate what is necessary to establish the noncompliance in terms of materiality of the relevant violation, the finality of applicable legal or regulatory proceedings and judgments involving the firm, the failure by the firm to perform or submit to remedial or curative actions and similar factors.

(8) As used in this section:

(a) "Annual average employment of the firm" means the average employment of the firm, calculated over the 12 months preceding the date of application for authorization.

(b) Except as provided in subsection (6) of this section, "employment of the firm" means:

(A) The number of employees working for the firm a majority of their time in eligible operations at locations within the enterprise zone; or

(B) In the case of a firm described in ORS 285C.135 (5)(b), the number of employees working a majority of their time at the facility in the enterprise zone for which authorization was obtained. [Formerly 285B.704; 2010 c.39 §3]

285C.203 Waiver of employment requirements; extension of exemption period. For purposes of ORS 285C.200 (3):

(1) When the conditions specified in subsection (2) of this section exist, the sponsor of an enterprise zone may:

(a) Specify a minimum number of employees that an authorized business firm must maintain throughout the exemption period that is less than the employment requirements of ORS 285C.200 (1)(c); and

(b) Extend the period of time for which the qualified property of the authorized business firm may continue to be exempt from taxation under ORS 285C.175, not to exceed two additional tax years.

(2) The zone sponsor may take the actions specified in subsection (1) of this section when the following conditions exist:

(a) There has been a decline for two or more consecutive quarters in the last 12 months in seasonally adjusted nonfarm payroll employment; and

(b) The unemployment rate of the county in which the enterprise zone is located is at least two percentage points greater than the comparable unemployment rate for this state, as defined

by the most recently available data published or officially provided and verified by the United States Government or the Employment Department.

(3) When the zone sponsor has taken the actions specified in subsection (1) of this section, the authorized business firm may not file a claim for exemption under ORS 285C.175 unless it otherwise meets all of the requirements of ORS 285C.200 (1) for any tax year during the exemption period as extended under subsection (1)(b) of this section.

(4) The actions of the zone sponsor under subsection (1) of this section must be set forth in a resolution adopted by the governing body of the sponsor within 60 days of taking the actions. A resolution adopted under this subsection may be revoked or modified at the request of the zone sponsor at any time during the exemption period as extended under subsection (1)(b) of this section.

(5) An eligible business firm authorized under ORS 285C.140 does not lose its status as an authorized business firm solely because the zone sponsor has taken the actions specified in subsection (1) of this section. [2010 c.39 §2]

285C.205 Effect of productivity increases on qualification of certain firms; uses of tax savings. The requirements of ORS 285C.200 (2)(b)(B) are met if the qualified business firm does all of the following:

(1) The firm demonstrates at least a 10 percent increase in productivity no later than 18 months following January 1 of the first assessment year for which an exemption under ORS 285C.175 is claimed. Unless further specified by the sponsor of the enterprise zone through the resolution adopted under ORS 285C.155:

(a) The increase must be in business operations of the firm that are using qualified property receiving the exemption;

(b) Productivity is measured by dividing physical units or quantity of output by the number of labor hours engaged in the operations that produced the physical units or quantity of output; and

(c) The base level of productivity shall be established over a minimum 12-month period preceding the date on which the qualified property is placed in service.

(2) The firm maintains or exceeds the 10 percent increase in productivity under subsection (1) of this section as an annual average rate for each subsequent assessment year during the remainder of the exemption period.

(3) On or before April 1 of each of the first three assessment years for which an exemption is claimed, the firm deposits into an account established by the sponsor an amount equal to 25

percent of the estimated tax savings arising from the exemption for that year. The sponsor may adopt additional specifications or requirements applicable to this subsection in the resolution the sponsor adopts under ORS 285C.155. Consistent with this subsection and any additional specifications or requirements adopted by the sponsor:

(a) For up to 30 months following the relevant April 1 date for which a deposit is made, the firm may draw from the account amounts equal to any expense incurred for training or retraining employees to promote or facilitate productivity increases under this section, except that the total amount withdrawn from the account for that deposit may not exceed \$3,500 per trained employee;

(b) Any amount attributable to the deposit that remains in the account after the 30-month period in which firm withdrawals may be made under paragraph (a) of this subsection shall be transferred to a special fund for use by local publicly funded job training providers; and

(c) No more than 18 months after the deposit, the estimated tax savings on which the deposit was based shall be reconciled with the actual tax savings arising from the exemption. The reconciliation shall be accomplished by the firm immediately making a further deposit into the account to cover any shortfall or by being reimbursed from the account for any surplus. A deposit or reimbursement made pursuant to this paragraph does not affect withdrawals or transfers that occur as a result of paragraph (a) or (b) of this subsection. [2003 c.662 §33a]

285C.210 Substantial curtailment of business operations. (1) For purposes of ORS 285C.175, 285C.200 and 285C.240, operations of a business firm are substantially curtailed when:

(a) The number of employees of the firm within the enterprise zone is reduced by more than 85 percent from the highest number of employees of the firm within the enterprise zone;

(b) The number of employees of a firm within the enterprise zone has been reduced by more than 50 percent from the highest number of employees of the firm within the enterprise zone for a period of time that is equal to or more than nine months; or

(c) The annual average number of employees within the enterprise zone during the first assessment year for which the exemption under ORS 285C.175 is granted, or any subsequent year in which an exemption is claimed, is reduced below the greater of:

(A) The annual average number of employees of the business firm within the enterprise zone, averaged over the 12 months preceding the date of the application for authorization, plus one employee; or

(B) 110 percent of the annual average number of employees of the firm within the enterprise zone, averaged over the 12 months preceding the date of the application for authorization.

(2) For the purposes of this section:

(a) The number of employees of a firm within the enterprise zone is the employment of the firm, as defined in ORS 285C.200, on the earlier of the date a claim for exemption is filed under ORS 285C.220 or April 1, of each assessment year for which an exemption under ORS 285C.175 is claimed, and for the year immediately following the last assessment year for which an exemption is claimed.

(b) Except as specified in subsection (1)(c) of this section, the annual average number of employees of the firm is the number of firm employees within the enterprise zone averaged over each assessment year in which an exemption under ORS 285C.175 is allowed, using employment figures for no fewer than four equivalent periods during the year.

(c) For the first assessment year for which an authorized business firm that qualifies under ORS 285C.200 (6) claims an exemption under ORS 285C.175, substantial curtailment under subsection (1)(a) or (c) of this section shall be determined by:

(A) Combining the number of employees of the firm within the enterprise zone and the number of employees at all other sites of the firm within the area described in ORS 285C.200 (6); and

(B) Combining the annual average number of employees of the firm within the enterprise zone with the annual average number of employees at any other site of the firm from which employees were transferred into the enterprise zone.

(3) Notwithstanding subsections (1) and (2) of this section, it is not a substantial curtailment of operations of a business firm for purposes of ORS 285C.175, 285C.200 and 285C.240 if the sponsor of an enterprise zone has taken the actions and the firm has satisfied the requirements specified in ORS 285C.203. [2003 c.662 §40; 2010 c.39 §5]

285C.215 First-source hiring agreements; rules. (1) The qualified property of an authorized business firm may be exempt from property tax under ORS 285C.175 only if the firm enters into a first-source hiring agreement for the period of property tax exemption. The agreement must be executed prior to the assessment date for the first tax year for which qualified property of the firm is exempt under ORS 285C.175 and must expire no sooner than December 31 of the final year of the exemption.

(2)(a) If a firm has not entered into a first-source hiring agreement when qualified property of the firm is first placed in service, as of April 1 preceding the first tax year for which the

authorized business firm claims an exemption for qualified property under ORS 285C.175, the sponsor shall inform the county assessor that an agreement under this section has not been executed.

(b) A publicly funded job training provider having knowledge of the date when qualified property of the firm is first placed in service may also inform the county assessor that an agreement under this section has not been executed.

(3) In accordance with rules adopted by the Oregon Business Development Department, the Director of the Oregon Business Development Department may waive the requirements of subsection (1) of this section for an authorized business firm. The rules adopted by the department shall provide for a waiver under this subsection when the director finds that:

(a) The business firm is unable to employ persons referred under the agreement; or

(b) The waiver would further the goals and purposes of applicable state policies. [Formerly 285B.710]

(Exemption Claim and Verification Procedures)

285C.220 Exemption claims; contents; late filing; fees. (1)(a) After January 1 and on or before April 1 of the assessment year immediately following the year in which qualified property in an enterprise zone is placed in service, and of each assessment year thereafter for which an exemption is sought, an authorized business firm may file a claim for the exemption allowed under ORS 285C.175.

(b) The claim shall be made by completing a form prescribed by the Department of Revenue and by filing the form with the county assessor. The firm shall furnish a copy of the claim to the sponsor.

(c) The firm shall also file a form described in this subsection after the final assessment year of the exemption period.

(2) A claim filed under this section shall contain all of the following:

(a) A statement that:

(A) The business firm satisfies the requirements of ORS 285C.200 as a qualified business firm; and

(B) The business firm has been authorized by the enterprise zone sponsor and the county assessor and has satisfied any commitments made in the firm's application for authorization or

made as a condition of authorization. The date the application for authorization was submitted and approved shall be set forth in the statement.

(b) A statement confirming the continued eligibility of the firm under ORS 285C.135 or explaining any change in eligibility.

(c) A schedule setting forth the following employment data:

(A) The number of employees of the firm within the enterprise zone on the date the claim is filed under this section or April 1, whichever is earlier;

(B) The annual average number of employees of the firm within the enterprise zone during the preceding assessment year; and

(C) The annual average number of employees of the firm within the enterprise zone, averaged over the 12-month period preceding the date of the application for authorization.

(d) The annual average compensation for the previous assessment year of new employees hired by the firm within the enterprise zone, but only if:

(A) The firm is subject to annual compensation requirements under ORS 285C.160; and

(B) The claim is filed for a year that is not the first year for which a claim is filed under this section.

(e) Any attachments required under ORS 285C.225.

(f) For any qualified property listed on a property schedule included in a claim filed for a previous assessment year and that continues to be exempt for the current assessment year:

(A) Confirmation that there has been no change in the ownership, lease, location, disposition, operation, use or occupancy of the property; or

(B) In the case of a change in the ownership, lease, location, disposition, operation, use or occupancy of the property, an explanation of the change.

(g) Any other information required by the Department of Revenue.

(3) The business firm shall be prepared to verify any information set forth in a claim filed under this section. The statement made pursuant to subsection (2)(a) of this section shall be prima facie evidence that the firm is a qualified business firm.

(4) If the assessor determines the property for which exemption is sought satisfies the requirements of ORS 285C.175, the assessor shall grant the exemption for the tax year beginning July 1.

(5) The assessor shall provide copies of each claim for exemption filed under this section as directed by the Department of Revenue.

(6) If a claim for exemption relates to principal or secondary industrial property as defined by ORS 306.126 and is filed with the Department of Revenue within the time required by subsection (1) of this section, the claim shall be deemed timely filed with the assessor. The Department of Revenue shall send a copy of the filed claim to the assessor.

(7)(a) Notwithstanding subsection (1) of this section, a claim may be filed under this section on or before June 1 of the assessment year if:

(A) The claim includes qualified property that, pursuant to ORS 285C.225, is required to be listed on a property schedule included with the claim form because the year for which the claim is being filed is the first year for which the property is exempt under ORS 285C.175; and

(B) The claim is accompanied by a late filing fee equal to the greater of \$200 or one-tenth of one percent of the real market value of the qualified property listed on the property schedule accompanying the claim.

(b) An exemption may not be granted pursuant to a claim filed under this subsection if the claim is not accompanied by the late filing fee.

(8)(a) Notwithstanding subsection (1) of this section, a claim may be filed under this section on or before August 31 of the assessment year if:

(A) The claim does not include qualified property that, pursuant to ORS 285C.225, is required to be listed on a property schedule included with the claim; and

(B) The claim is accompanied by a late filing fee equal to the greater of:

(i) \$200; or

(ii) One-fiftieth of one percent of the real market value of the qualified property of the business firm multiplied by the number of 30-day periods from April 1 of the assessment year until the date the claim is filed. A period of less than 30 days shall constitute a 30-day period for purposes of this subparagraph.

(b) An exemption may not be granted pursuant to a claim filed under this subsection if the claim is not accompanied by the late filing fee.

(9) The value of the property used to determine the late filing fees under this section is appealable in the same manner as other determinations of value by the county assessor are appealable.

(10)(a) Notwithstanding subsection (1) of this section, a claim may be filed under this section on or before April 1 following the assessment year after the year in which the qualified property was placed in service.

(b) If a claim filed under this subsection is approved by the county assessor, the qualified property shall be exempt from property taxation only for those tax years that begin after the date the claim was filed under this subsection and for which the property otherwise qualifies for exemption under ORS 285C.050 to 285C.250.

(11) Any filing fee collected under this section shall be deposited to the county general fund.

(12) A claim may be filed under this section as of the dates prescribed in subsections (7), (8) and (10) of this section, regardless of any grounds for hardship under ORS 307.475. [Formerly 285B.722]

285C.225 Sponsor's addendum; property schedule; amendments. (1) An exemption claim filed under ORS 285C.220 must, when applicable, include a sponsor's addendum setting forth any information required by the sponsor of the enterprise zone pursuant to ORS 285C.140 (5), 285C.150, 285C.155, 285C.160 or 285C.203.

(2) For the first tax year for which qualified property is exempt under ORS 285C.175, the claim filed under ORS 285C.220 must include a property schedule listing the qualified property.

(3)(a) The business firm is required to include the property schedule described in subsection (2) of this section with a claim filed under ORS 285C.220 only once for any item of qualified property. The firm shall include additional property schedules with subsequent claims in order to claim exemption of additional qualified property that is pursuant to the same application for authorization.

(b) The firm may not file an additional property schedule to claim an exemption for additional qualified property for a tax year that is more than two years after the first tax year for which any qualified property of the firm was exempt under ORS 285C.175, except pursuant to another authorization application.

(4) The property schedule shall be set forth on a form prescribed by the Department of Revenue and shall contain:

(a) A list of all qualified property that satisfies all requirements for exemption under ORS 285C.175 for the tax year for which the exemption is being claimed and that has not been exempt under ORS 285C.175 for a previous tax year;

(b) For each item of property described in paragraph (a) of this subsection, the cost of the property and the date the property was placed in service;

(c) Any information needed to determine compliance with any applicable requirements under ORS 285C.180, 285C.185 or 285C.190;

(d) In the case of qualified property that is leased by the business firm, a signature on the property schedule or other evidence that the enterprise zone exemption is acknowledged by the owner of the leased property; and

(e) Any other information required by the Department of Revenue.

(5) The county assessor may allow the business firm to amend the property schedule to include any other item of qualified property described in subsection (2) of this section that was not listed on the original property schedule included in the claim filed for the assessment year. An amendment to the property schedule may not be made after June 1 of the assessment year. [2003 c.662 §43; 2010 c.39 §6]

285C.230 Assessor to grant or deny exemption; assistance of sponsor. (1) In granting or denying an exemption under ORS 285C.175, the county assessor may:

(a) Reasonably rely on information set forth in the exemption claim filed under ORS 285C.220; and

(b) Request and be given assistance from the sponsor before making certain determinations, including but not limited to:

(A) Determining if the exemption is being claimed by a qualified business firm under ORS 285C.200;

(B) Determining the extent to which qualified property is used by persons other than the qualified business firm or is used for business activities that may not be conducted in an enterprise zone by an eligible business firm under ORS 285C.135; or

(C) Determining if the use, leasing or location of qualified property satisfies applicable requirements under ORS 285C.180, 285C.185 or 285C.190.

(2) The county assessor is not responsible for determining if the firm has satisfied any requirement established by the sponsor under ORS 285C.140, 285C.150, 285C.155, 285C.160, 285C.203 or 285C.205.

(3) If a business firm fails to timely file an exemption claim under ORS 285C.220:

(a) The assessor or the sponsor may use the authority granted to the assessor under ORS 285C.235; or

(b) The assessor may deny the exemption under ORS 285C.175 for the current tax year or for any future tax year for which the property would otherwise qualify for exemption under ORS 285C.175.

(4) If the sponsor or the assessor has reason to question the accuracy or veracity of any information contained in a claim filed under ORS 285C.220, the sponsor or the assessor may use the authority provided under ORS 285C.235.

(5) If any information submitted by a business firm under ORS 285C.220 indicates that the firm is no longer in compliance with any requirements that apply to the firm or the qualified property of the firm, the information shall be considered notice for purposes of ORS 285C.240.

(6) The county assessor shall make reasonable and timely efforts to notify an authorized business firm that is seeking or receiving an exemption under ORS 285C.175 of the filing requirements under ORS 285C.220, but the county assessor and the Department of Revenue are not under any obligation other than as otherwise provided in ORS 285C.050 to 285C.250 to seek or receive information about the continued entitlement of property to an exemption under ORS 285C.175.

(7) The sponsor is primarily responsible for assisting a business firm in timely filing claims under ORS 285C.220. If the sponsor, or a local zone manager designated by the sponsor, does not receive a copy of the claim as required under ORS 285C.220 by the time the claim is required to be filed under ORS 285C.220, the sponsor or manager shall immediately contact the assessor for taking action under subsection (3) of this section. [2003 c.662 §44; 2010 c.39 §7]

285C.235 Authority of county assessor; authority of sponsor. (1) The county assessor is at all times authorized to demand reports by registered or certified mail from owners or lessees of qualified property concerning the use of the qualified property and the employment status of the qualified business firm for purposes of ORS 285C.050 to 285C.250. If, after 60 days' notice in writing by registered or certified mail, the owner or lessee fails to comply with this demand, the assessor may disqualify the property under ORS 285C.240, giving written notice of the disqualification to the Department of Revenue and the owner or lessee of the qualified property.

(2) The assessor is under no obligation to verify compliance by a qualified business firm with requirements imposed on the firm by the sponsor under ORS 285C.150, 285C.155, 285C.160, 285C.203 or 285C.205.

(3) The sponsor of an enterprise zone may initiate procedures in order to verify compliance by qualified business firms with requirements imposed under ORS 285C.050 to 285C.250. The procedures may include written requests to the assessor by the local zone manager or an

executive official of the sponsor that the assessor exercise authority under this section for a particular qualified business firm. [2003 c.662 §45; 2010 c.39 §8]

(Disqualification From Exemption)

285C.240 Disqualification; notice and procedures; in lieu payments and additional taxes; penalty; use of moneys. (1) The county assessor of any county in which an enterprise zone is situated or the sponsor shall be notified in writing by the qualified business firm or by the owner of the qualified property leased by the qualified business firm not later than July 1 following the assessment year for which the exemption is claimed and in which one of the following events occurs:

(a) Property granted exemption from taxation under ORS 285C.175 is sold, exchanged, transported or otherwise disposed of for use outside the enterprise zone or for use by an ineligible business firm;

(b) The qualified business firm closes or so reduces eligible operations that the reduction constitutes a substantial curtailment of operations under ORS 285C.210, unless a substantial curtailment of operations is permitted under ORS 285C.200 (2);

(c) The qualified business firm fails to meet any of the qualifications required under ORS 285C.200;

(d) The qualified business firm fails to meet any condition that the firm is required to satisfy under ORS 285C.150, 285C.155, 285C.203 or 285C.205 or any term of an agreement entered into with the sponsor under ORS 285C.160 with which the firm had agreed to comply;

(e) The qualified business firm uses the property to conduct activities in the enterprise zone that are not eligible activities; or

(f) Property of the qualified business firm for which exemption under ORS 285C.175 is claimed ceases to be qualified property under ORS 285C.180.

(2) If the sponsor receives written notice under subsection (1) of this section, the sponsor shall immediately send a copy of the notice to the county assessor of the county in which the enterprise zone is situated.

(3)(a) When an assessor receives written notice under subsection (1) or (2) of this section, the assessor shall disqualify the property for the assessment year following the disqualifying event and 100 percent of the additional taxes calculated under ORS 285C.175 shall be assessed against

the property for each year for which the property had been granted exemption under ORS 285C.175.

(b) Notwithstanding paragraph (a) of this subsection, if a qualified business firm fails to meet any of the requirements of an agreement entered into by the firm under ORS 285C.160 during the exemption, but meets all other applicable requirements under ORS 285C.050 to 285C.250 during the first three years of the exemption, the qualified property of the firm may not be disqualified during the first three years of exemption for failure to comply with the requirements of the agreement entered into under ORS 285C.160.

(c) The additional taxes assessed under this subsection shall be reduced by the amount, if any, paid by the qualified business firm to the sponsor under subsection (6) of this section for the same property.

(4) If the qualified business firm or owner fails to give the notice on time or at all as required by subsection (1) of this section, upon discovering the property no longer qualifies for the exemption due to a circumstance described in subsection (1) of this section, the assessor shall:

(a) Disqualify the property from exemption;

(b) Compute the amount of taxes described in subsection (3) of this section as though notice had been given, and add to that amount an additional penalty equal to 20 percent of the total amount so computed; and

(c) Add the property to the assessment and tax roll without the exemption as if the notice had been given.

(5) The amount determined to be due under subsections (3) and (4) of this section:

(a) May be paid to the tax collector before completion of the next general property tax roll pursuant to ORS 311.370; and

(b) Shall be added to the tax extended against the property on the next general property tax roll to be collected and distributed in the same manner as the remainder of the property taxes.

(6)(a) Notwithstanding subsections (3) and (5) of this section, if an assessor or sponsor receives notice from a business firm under subsection (1)(b), (c) or (d) of this section and the qualified business firm has not closed its operations, the qualified business firm shall pay the sponsor an amount equal to the property taxes for the qualified property in the assessment year for which the exemption is claimed in lieu of the amounts otherwise due under subsection (3) of this section.

(b) Moneys collected under paragraph (a) of this subsection shall be used by the sponsor to benefit the residents of the enterprise zone and for the development of jobs, skills and training for residents of the enterprise zone and the zone's immediate vicinity.

(c) This subsection applies only to the first notice given by the business firm under subsection (1)(b), (c) or (d) of this section.

(d) If the sponsor does not receive the full amount to be paid by the qualified business firm under paragraph (a) of this subsection, the assessor shall disqualify the property and impose the entire amount of additional taxes as prescribed under subsection (3) of this section.

(7) An assessor may not disqualify property under this section for failure by a qualified business firm or an owner of qualified property leased by the qualified business firm to notify the assessor or the enterprise zone sponsor that the qualified business firm does not meet requirements under ORS 285C.150, 285C.155, 285C.160 or 285C.205, without having received written communication from the sponsor that demonstrates that the qualified business firm does not meet the requirements.

(8) Additional taxes collected under this section shall be deemed to have been imposed in the year to which the additional taxes relate.

(9) If property is disqualified from exemption under this section, the assessor shall notify the qualified business firm, and the owner of any qualified property that is leased by the firm, of the disqualification. The notification shall be made in writing. The assessor shall provide copies of the disqualification to the sponsor, the Department of Revenue and the Oregon Business Development Department. The decision of the assessor to disqualify property under this section may be appealed to the Oregon Tax Court under ORS 305.404 to 305.560. [Formerly 285B.728; 2010 c.39 §9]

(Termination of Enterprise Zone)

285C.245 Termination; effect of termination on property; procedures. (1) When the termination of an enterprise zone occurs under this section:

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

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

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

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

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

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

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

(b) A business firm that is currently authorized or qualified in the enterprise zone shall be allowed until 10 years after the effective date of the termination of the enterprise zone to apply for authorization under ORS 285C.140 and to subsequently claim the exemption for any qualified property that is constructed, added, modified or installed inside the former enterprise zone boundaries, as those boundaries existed at the time of termination, and entirely outside of the boundaries of any current enterprise zone. Construction, addition, modification or installation of qualified property must commence prior to the end of the final tax year in which qualified property of the firm is exempt under ORS 285C.175 and must be completed within a reasonable time and without interruption of construction, addition, modification or installation activity. The property must meet all other applicable requirements for exemption under ORS 285C.175.

(c) Disqualification under ORS 285C.240 of all exempt property of the business firm after the effective date of the termination of the enterprise zone shall prohibit and terminate all authorizations sought or obtained by the business firm that would not otherwise be allowed except for paragraph (b) of this subsection. Disqualification under ORS 285C.240 of all exempt property of the business firm on or after the effective date of the termination of the enterprise zone shall cause the assessor to deny any claim for exemption under ORS 285C.175 of qualified property of the business firm made in a subsequent tax year.

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

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

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

(5) If a sponsor is unable or unwilling to carry out its responsibilities under ORS 285C.105, the director shall order termination of the enterprise zone and shall specify the effective date of

the termination. However, in the case of failure to provide enhanced local public services, local incentives or local regulatory flexibility included in the application for designation as an enterprise zone or in the resolution under ORS 285C.115 (7), termination is not required if the sponsor provides to authorized or qualified business firms new enhanced local public services, local incentives or local regulatory flexibility that is of comparable value, or makes reasonable corrections of shortcomings in existing local incentives. A sponsor may reduce the time within which it will provide enhanced local public services, local incentives and local regulatory flexibility to a time period equal to the amount of time allowed for an exemption under ORS 285C.175 without causing termination under this section.

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

(7) A reservation enterprise zone designated, or a reservation partnership zone cosponsored, under ORS 285C.306 shall terminate in accordance with subsection (2) of this section, but may be redesignated at any time under ORS 285C.306. [Formerly 285B.686; 2010 c.76 §21]

285C.250 Designation of new zone following zone termination. (1) Within a reasonable period of time prior to the termination of enterprise zones under ORS 285C.245 (2), the Director of the Oregon Business Development Department shall competitively designate the same number of enterprise zones effective immediately after termination of the previous enterprise zones. The determination by the director as to the areas designated as enterprise zones shall be final.

(2)(a) When an enterprise zone is terminated under ORS 285C.245 (4) to (6), the director may competitively designate a new enterprise zone.

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

(c) Paragraph (b) of this subsection does not apply to a county government when the terminated zone was also jointly sponsored by one or more cities or ports.

(3) Sponsors of existing enterprise zones that are due to terminate may reapply for designation under subsection (1) of this section.

(4) Any city, county or port may apply to the director for designation of an enterprise zone in accordance with the criteria set forth in ORS 285C.065 and 285C.090. In addition, the Oregon Business Development Department by rule shall determine the minimum level of economic hardship in any area to be included within an enterprise zone, any other criteria necessary to

evaluate the need for the enterprise zone and the potential for accomplishing the purposes of ORS 285C.050 to 285C.250.

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

(6) When the director designates enterprise zones under this section, there is no limit on the relative number of urban or rural enterprise zones designated.

(7) The director may determine when to accept applications for any enterprise zone that terminates under subsection (2) of this section or is not designated under subsection (1) of this section for lack of qualified applicants. [Formerly 285B.689; 2005 c.94 §10; 2005 c.704 §12; 2009 c.33 §5; 2012 c.71 §3]