HOUSE AMENDMENTS TO HOUSE BILL 2643

By COMMITTEE ON TRANSPORTATION AND ECONOMIC DEVELOPMENT

March 27

On page 1 of the printed bill, line 2, after "285C.065," insert "285C.066,". 1 In line 3, delete "285C.080,". In line 5, delete "285C.066 and" and after "285C.075" insert ", 285C.080 and 285C.195". On page 2, line 5, restore the bracketed material. 5 In line 6, restore the bracketed material and after "285C.080" insert "before the effective date of this 2015 Act, an area designated". In line 44, restore the comma. In line 45, after the bracket insert "under ORS 285C.080 before the effective date of this 2015 Act" and after "285C.085" insert "or 285C.250". 10 On page 3, line 6, delete "(7)" and insert "(6)". In lines 15 and 16, restore the bracketed material and delete the boldfaced material. 11 12 On page 4, line 23, after "section" insert "shall be made by resolution of the governing body of 13 the city, county or port and". 14 After line 25, insert: 15 "SECTION 4. ORS 285C.066 is amended to read: 16 "285C.066. The Oregon Business Development Department may adopt rules related to: 17 "(1) The consent required [from] by resolution of the governing body of a city, county or port 18 under ORS 285C.065 (1) in order for a city, county or port to [apply for] designate an enterprise 19 zone [designation under ORS 285C.065]. 20 "(2) The number of enterprise zones that may be designated within a city or other ju-21 risdiction.". In line 26, delete "4" and insert "5". 22 In line 28, after "285C.065" insert "or 285C.250". 23 24 In line 29, delete "proposed". 25 In line 33, delete "5" and insert "6". In line 36, before the period insert "by resolution of the governing body of the port, subject to 26 27 the consent of the existing zone sponsor and with notice to the Oregon Business Development De-28 partment". On page 5, line 5, delete "6" and insert "7". 29 In line 7, after "285C.065" insert "or 285C.250". 30 31 In line 10, delete "under ORS 285C.065". Delete lines 33 through 42. 32 In line 44, delete "A proposed" and insert "An". 33

34 35 On page 6, line 8, delete "pro-".

In line 9, delete "posed".

- In line 12, delete "proposed" in both places.
- 2 In line 14, delete "proposed".
- 3 Delete lines 35 through 45.

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- 4 On page 7, delete lines 1 through 3 and insert:
 - "SECTION 10. (1)(a) No sooner than the 45th day following compliance with section 29 (1) of this 2015 Act, a zone sponsor shall submit to the Oregon Business Development Department documentation of the sponsor's designation of an enterprise zone under ORS 285C.065 or 285C.250.
- 9 "(b) For purposes of this subsection, the documentation submitted to the department 10 must include:
 - "(A) A map clearly indicating the designated zone boundary;
 - "(B) A description and geographic information system data for the area inside the zone; and
 - "(C) Any other information required by the department for the purposes of making a determination under this section.
 - "(2) As soon as practicable after receipt of the documentation required under subsection
 (1) of this section, the department shall notify the zone sponsor of the department's determination.
 - "(3)(a) The department's determination shall be positive and final if the requirements of this section and ORS 285C.065, 285C.067 and 285C.090 are met.
 - "(b) The designation shall take effect on the date on which the latest resolution of the sponsoring or consenting city, county or port was adopted.
 - "(4)(a) If the department's determination is negative, the notice required under subsection (2) of this section must state the reasons for the negative determination.
 - "(b) The zone sponsor may resubmit documentation for a determination under this section and the sponsor and the department may discuss changes in the documentation necessary for a positive determination under this section.
 - "(c) If the sponsor resubmits documentation and the department makes a positive determination, the designation shall take effect on the date on which the latest resolution of the sponsoring or consenting city, county or port was adopted, or the date on which any outstanding requirement for designation is satisfied, as stipulated in the department's determination."
- 33 In line 7, after "section" insert "by resolution of the governing body of the sponsor".
- In line 15, delete "designation".
- 35 In line 37, delete "have" and insert "need" and after "ORS" insert "285C.067 or".
- On page 8, delete lines 15 through 45 and delete pages 9 and 10.
 - On page 11, delete lines 1 through 35 and insert:
 - "SECTION 14. (1) No sooner than the 31st day following compliance with section 29 (1) of this 2015 Act, the sponsor of an enterprise zone or the governing body of a city shall submit to the Oregon Business Development Department documentation of the sponsor's or city's designation of the zone or city for electronic commerce under ORS 285C.095 or 285C.100, respectively, with sufficient information for the department to make a determination under this section.
 - "(2)(a) As soon as practicable after receipt of the documentation required under subsection (1) of this section, the department shall notify the zone sponsor or governing body

of the city of the department's determination.

- "(b) The department's determination shall be positive and final if the designation meets applicable requirements, including, but not limited to, any numeric limitation under ORS 285C.095 or 285C.100.
- "(c) If the department's determination is negative, the notice required under paragraph
 (a) of this subsection must state the reasons for the negative determination.
- "(d) A zone sponsor or the governing body of a city that receives a negative determination under this subsection may resubmit documentation of the sponsor's or city's designation of the zone or city for electronic commerce for a determination under this section.
- "(3)(a) For purposes of complying with the numeric limits of ORS 285C.095 or 285C.100, the department shall make determinations under this section in the order in which documentation submitted under subsection (1) of this section is received.
- "(b) For purposes of this subsection, documentation that is resubmitted after a negative determination shall be considered received on the date of the resubmission.
 - "(c) The department shall adopt rules necessary to administer this subsection.
 - "SECTION 15. ORS 285C.105 is amended to read:
 - "285C.105. (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, and assist all authorized or qualified business firms in using, 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] that a sponsor has elected, by policy, to provide to any firm seeking authorization in that zone after adoption of the policy.
 - "(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.

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

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"285C.115. (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] by resolution of the governing body of the sponsor. [requesting the change;]
- 5 "[(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;]
- 8 "[(d) A legal description of each area to be withdrawn from or added to the existing enterprise 9 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] **boundary change** 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)] (6) [If an area to be added to an enterprise zone] An area that is under the jurisdiction of a city, county or port that is not a sponsor of the enterprise zone[,] may be added to the enterprise zone under this section only if the governing body of [that] the nonsponsoring city, county or port [shall submit] adopts a resolution requesting the change and requesting that the city, county or port become a [sponsor] cosponsor, 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)] (7) The resolution of the governing body of a city, county or port to become a cosponsor under subsection (6) of this section may 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.]
- "(8) A boundary change under this section is not final until a positive determination has been made by the Oregon Business Development Department under section 18 of this 2015 Act.
- "(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).
- "SECTION 17. Section 18 of this 2015 Act is added to and made a part of ORS 285C.050 to 285C.250.
- "SECTION 18. (1)(a) The sponsor of an enterprise zone shall submit to the Oregon Business Development Department documentation of a boundary change under ORS 285C.115.
- "(b) For purposes of this subsection, the documentation submitted to the department must include:
 - "(A) A map clearly indicating the changes made to the boundary;
- "(B) A new description and geographic information system data for the area inside the zone; and
- "(C) Any other information required by the department for the purposes of making a determination under this section.
- "(2) As soon as practicable after receipt of the documentation required under subsection
 (1) of this section, the department shall notify the zone sponsor of the department's determination.
- "(3)(a) The department's determination shall be positive and final if the requirements of this section and ORS 285C.115 are met.
- "(b) The boundary change shall take effect on the date on which the latest resolution of the sponsoring city, county or port was adopted.
- "(4)(a) If the department's determination is negative, the notice required under subsection (2) of this section must state the reasons for the negative determination.
- "(b) The zone sponsor may resubmit documentation for a determination under this section and the sponsor and the department may discuss changes in the documentation necessary for a positive determination under this section.
- "(c) If the sponsor resubmits documentation and the department makes a positive determination, the boundary change shall take effect on the date on which the latest resolution of the sponsoring city, county or port was adopted, or the date on which any outstanding requirement for the boundary change is satisfied, as stipulated in the department's determination.

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

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"285C.120. (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 farthermost 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 designating or changing the boundary of a rural enterprise zone under ORS 285C.065, 285C.115 or 285C.250 in a sparsely populated county, a zone sponsor may seek a waiver of the distance limitations [imposed on the zone] under ORS 285C.090 (4) by providing the necessary documentation under section 10 or 18 of this 2015 Act. The Director of the Oregon Business Development Department shall grant [all or part of] the waiver if the director determines that:
- "(a) The [proposed] designation [is to be made] or the [proposed] boundary change satisfies all other applicable 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.".
 - On page 13, line 16, delete "becomes final" and insert "takes effect".
- In line 17, delete "becomes final" and insert "takes effect".
 - In line 22, delete "becomes final" and insert "takes effect".
- In line 23, delete "becomes final" and insert "takes effect".
- In line 27, after "made" insert ", or 24 months, in the case of a late claim under ORS 285C.220 (10)".
- In line 28, after "is" insert "actually".
- 32 In line 29, delete "completion".
- 33 Delete line 30 and insert "property was first placed in service.".
- 34 Delete pages 14 and 15.
- On page 16, delete lines 1 through 17 and insert:
- "SECTION 22. ORS 285C.180 is amended to read:
- 37 "285C.180. (1) The following types of property are qualified for exemption under ORS 285C.175:
- 38 "(a) A newly constructed building or structure.
- 39 "(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:
- 43 "(A) Newly purchased or leased by the firm, unless the property is described in ORS 285C.175 44 (4)(a); or
- 45 "(B) Newly transferred into the enterprise zone from outside the county within which the site

of the firm is located and installed.

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- "[(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:
- 6 "(a) The property meets or exceeds the minimum cost requirements established under ORS 285C.185;
- 8 "(b) The property satisfies applicable usage, lease or location requirements established under 9 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.
 - "SECTION 23. ORS 285C.245 is amended to read:
 - "285C.245. (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:
- 44 "(i) The authorization application of the firm was filed with the sponsor before the effective date 45 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] under ORS 285C.050 to 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] effective date of the designation.
- "(3) An enterprise zone designated [by the director under ORS 285C.080, 285C.085 and] under ORS 285C.050 to 285C.250 shall terminate prior to the time specified in subsection (2) of this section only as provided in subsections (4) [to (6)] and (5) 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 of the Oregon Business Development Department 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)] that the sponsor has established under ORS 285C.105, termination is not required if the sponsor provides to any affected 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

1 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)] (6) 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."

In line 28, after "and" delete the rest of the line and insert "section 10 of this 2015 Act, except that the redesignation shall take effect no sooner than the date of termination.".

On page 17, delete line 3 and insert:

"SECTION 25. ORS 285C.075, 285C.080 and 285C.195 are repealed.".

On page 18, line 12, delete "when the firm becomes" and insert "with the income or corporate excise tax year in which the firm applied to be".

On page 19, delete lines 6 through 29 and insert:

"SECTION 29. (1) Before submitting documentation, as required under section 10 or 14 of this 2015 Act, as applicable, of the designation of an enterprise zone under ORS 285C.065 or 285C.250 or a zone or city for electronic commerce under ORS 285C.095 or 285C.100, respectively, the zone sponsor or the governing body of the city shall formally advise the Oregon Business Development Department of the zone sponsor's or the city's intent to make the designation.

"(2)(a) As soon as practicable after receipt of a formal advisory required under subsection (1) of this section, the department shall contact the zone sponsor or the governing body of the city to arrange a consultation about the designation.

- "(b) After the consultation required under this subsection, the zone sponsor or the governing body of the city may submit to the department documentation of the designation, at the time and in the manner required under section 10 or 14 of this 2015 Act, as applicable.
- "(3) A formal advisory submitted pursuant to subsection (1) of this section does not obligate the zone sponsor or the governing body of the city to make the designation.

"SECTION 30. ORS 285C.066 and 285C.067 are added to and made a part of ORS 285C.050 to 285C.250.

"SECTION 31. Sections 10, 14, 18 and 29 of this 2015 Act, the amendments to ORS 285C.050, 285C.060, 285C.065, 285C.066, 285C.067, 285C.068, 285C.070, 285C.090, 285C.095, 285C.100, 285C.105, 285C.115, 285C.120, 285C.135, 285C.175, 285C.180, 285C.185, 285C.245, 285C.250 and 315.507 by sections 1 to 8, 11, 12, 15, 16, 19 to 24, 26 and 27 of this 2015 Act and the repeal of ORS 285C.075, 285C.080 and 285C.195 by section 25 of this 2015 Act apply to enterprise zones designated, zones and cities designated for electronic commerce, zone cosponsors added and enterprise zone boundaries changed, on and after the effective date of this 2015 Act.

"SECTION 32. This 2015 Act takes effect on the 91st day after the date on which the 2015 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.".

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