

House Bill 2926

Sponsored by COMMITTEE ON BUSINESS AND LABOR

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Provides that developer or owner of capital project eligible for tax benefit must provide proof of certain information regarding project contractors, first-tier subcontractors and responsible managing individuals for contractors and first-tier subcontractors in order to receive tax benefit. Applies to tax years beginning on or after January 1, 2016.

A BILL FOR AN ACT

1
2 Relating to capital projects eligible for tax benefits.

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

4 **SECTION 1. (1) As used in this section:**

5 (a) **“Capital project” means a project within this state for the construction, modification,**
6 **replacement, repair, remodeling or renovation of a structure or structures.**

7 (b) **“Construction debt,” “developer” and “responsible managing individual” have the**
8 **meanings given those terms in ORS 701.005.**

9 (c) **“Eligible” means qualifying for a tax benefit.**

10 (d) **“First-tier subcontractor” means a person who subcontracts directly from a general**
11 **contractor to perform work, if the subcontracted work has a value that:**

12 (A) **Equals or exceeds the greater of \$15,000 or five percent of the construction contract**
13 **for the capital project; or**

14 (B) **If less than five percent of the construction contract for the capital project, equals**
15 **or exceeds \$350,000.**

16 (e) **“Owner” has the meaning given that term in ORS 701.094.**

17 (f) **“Prevailing rate of wage” has the meaning given that term in ORS 279C.800.**

18 (g) **“Resumes work” means that a contractor or first-tier subcontractor continues con-**
19 **struction work on a capital project after not having worked on the project for a period of**
20 **_____ days or more.**

21 (h) **“Tax benefit” means a reduction in property or income taxes levied by a public body**
22 **as defined in ORS 174.109, whether conferred as a credit, deduction, exemption, reimburse-**
23 **ment, subsidy or subtraction or in other form.**

24 (2) **A developer or owner may not receive a tax benefit for an eligible capital project un-**
25 **less, for each tax year in which construction of the capital project occurs, the developer or**
26 **owner files with the taxing entity a verification by the Department of Consumer and Busi-**
27 **ness Services, or by a municipality carrying out a building inspection program under ORS**
28 **455.148 or 455.150, that the developer or owner has provided the department or municipality**
29 **with all of the following:**

30 (a) **One or more lists identifying each contractor or first-tier subcontractor for the cap-**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 ital project prior to that contractor or subcontractor commencing or resuming work on the
2 capital project during the tax year.

3 (b) Proof satisfactory to the department or municipality that for each contractor or
4 first-tier subcontractor that commenced or resumed working on the capital project during
5 the tax year the developer or owner exercised due diligence to verify, prior to the contractor
6 or subcontractor commencing or resuming work, that the contractor or subcontractor:

7 (A) Held a license under ORS 701.021 having the proper endorsement for the work to be
8 performed;

9 (B) Was in compliance with applicable insurance requirements imposed under ORS
10 701.073, 701.081 and 701.084;

11 (C) Was in compliance with applicable bonding requirements imposed under ORS 701.068,
12 701.081 and 701.084; and

13 (D) If classed under ORS 701.035 as exempt and licensed as a commercial contractor, was
14 in compliance with the workers' compensation insurance requirement imposed under ORS
15 701.035.

16 (c) Affidavits by each contractor and first-tier subcontractor performing work on the
17 capital project during the tax year, and by the responsible managing individual for that
18 contractor or first-tier subcontractor, stating that at the time of the affidavit the contrac-
19 tor, subcontractor or responsible managing individual:

20 (A) Was not the subject of any judgment or award for a construction debt; and

21 (B) Was in compliance with all tax laws described under ORS 305.620 and all provisions
22 of ORS chapters 314, 316, 317 and 318.

23 (d) If required by law or contract, certified payroll statements proving that each con-
24 tractor or first-tier subcontractor performing work on the capital project during the tax year
25 paid any prevailing rate of wage applicable to the work. If the developer or owner claims
26 that the capital project is not subject to payment of the prevailing rate of wage, the devel-
27 oper or owner must provide a copy of the contract establishing that the contract does not
28 require payment of the prevailing rate of wage.

29 **SECTION 2.** Section 1 of this 2015 Act applies to tax years beginning on or after January
30 1, 2016.

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