

Senate Bill 57

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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**.

For purposes of transfer to Shared Services Fund, limits personal income tax revenue to revenue due to jobs that did not exist on date property of eligible project was granted exemption. Requires moneys in Shared Services Fund to be transferred to State School Fund and State Economic Development Fund. Establishes State Economic Development Fund. Continuously appropriates moneys in fund to Oregon Business Development Department for purpose of developing infrastructure in Oregon that fosters economic growth.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to the shared service fund; creating new provisions; amending ORS 285C.600, 285C.615,
3 285C.635 and 285C.639; and prescribing an effective date.

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

5 **SECTION 1.** ORS 285C.600 is amended to read:

6 285C.600. As used in ORS 285C.600 to 285C.639:

7 (1) "Business firm" has the meaning given that term in ORS 285C.050.

8 (2) "Eligible project" means a project that meets criteria established by the Oregon Business
9 Development Commission to be exempt from property taxation under ORS 307.123.

10 (3) "First-source hiring agreement" has the meaning given that term in ORS 285C.050.

11 (4) **"Net new jobs" means, with respect to an eligible project, total jobs less retained jobs.**

12 [(4)] (5) "Publicly funded job training provider" has the meaning given that term in ORS
13 285C.050.

14 (6) **"Retained jobs" means, with respect to an eligible project, jobs that existed on the
15 date that the property of the eligible project was granted exemption under ORS 307.123.**

16 [(5)] (7) "Rural area" means an area located entirely outside of the urban growth boundary of
17 a city with a population of 30,000 or more, as the urban growth boundary is acknowledged on De-
18 cember 1, 2002.

19 [(6)] (8) "Strategic investment zone" means a geographic area established under ORS 285C.623,
20 within which the property of eligible projects may be exempt from property taxation under ORS
21 307.123.

22 **SECTION 2.** ORS 285C.615 is amended to read:

23 285C.615. (1) On or before April 1 following each tax year that property is exempt under ORS
24 307.123, the business firm that owns or leases the exempt property shall submit a report to the
25 Oregon Business Development Department, in addition to any other reporting or filing requirement.

26 (2) The report shall be in a form prescribed by the Oregon Business Development Department
27 and shall include:

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 (a) The assessed value and location of taxable and exempt property constituting the eligible
 2 project and the corresponding payment and savings of property taxes for the tax year, as ascer-
 3 tained from the county assessor;

4 (b) The amount and disposition of fees and other amounts paid by the business firm pursuant to
 5 the agreement with the county under ORS 285C.609 in the immediately preceding calendar year;

6 (c) The average number of persons hired or employed by the business firm in association with
 7 the eligible project, determined by dividing the total number of hours for which such hired or em-
 8 ployed persons were paid during the immediate prior calendar year by 2,080;

9 (d) The annual amount of taxable income and total compensation paid to employees as described
 10 in paragraph (c) of this subsection;

11 (e) Numbers and amounts as described in paragraphs (c) and (d) of this subsection for [*jobs re-*
 12 *tained in direct relation*] **total jobs, retained jobs and net new jobs with respect** to the eligible
 13 project; and

14 (f) Any other information required by the department.

15 (3)(a) If a business firm fails to provide a report required under this section or to verify infor-
 16 mation as requested by the Oregon Business Development Department, the Oregon Business Devel-
 17 opment Commission, upon recommendation by the department, may suspend the determination of the
 18 commission that the project receive the tax exemption provided for in ORS 307.123.

19 (b) If the commission suspends the determination of eligibility under this subsection, the ex-
 20 emption is revoked as provided in ORS 307.123 (6), until the department receives the report.

21 (c) Upon receipt of a report required under this section or the information requested by the
 22 department, the department shall notify the commission and the commission shall rescind the sus-
 23 pension **required under this subsection.**

24 (4) Information collected under this section may be used by the Oregon Business Development
 25 Department to make aggregate figures and analyses of activity under the strategic investment pro-
 26 gram publicly available.

27 (5) Specific data concerning the financial performance of individual firms collected under this
 28 section is exempt from public disclosure under ORS chapter 192.

29 (6) After receiving the reports required under this section, the Oregon Business Development
 30 Department shall compile and organize the reported information for purposes of ORS 285C.635 and
 31 transmit it to the Oregon Department of Administrative Services. The Oregon Business Develop-
 32 ment Department shall transmit the information not later than April 15.

33 (7) The Oregon Business Development Department shall adopt rules the department considers
 34 necessary to administer ORS 285C.600 to 285C.639.

35 **SECTION 3.** ORS 285C.635 is amended to read:

36 285C.635. (1)(a) Upon receipt of information compiled under ORS 285C.615, the Oregon Depart-
 37 ment of Administrative Services shall determine the annual amount of personal income tax revenue
 38 attributable to **net new jobs with respect to** each eligible project for which an eligible business
 39 firm received a property tax exemption under ORS 307.123.

40 (b) The amount of personal income tax revenue attributable to **net new jobs with respect to**
 41 each eligible project under this subsection may not include personal income tax revenue attributable
 42 to the estimated incremental income tax revenues generated by an eligible employer in connection
 43 with a tax reimbursement arrangement or loan agreement that has been entered into under the
 44 Oregon Industrial Site Readiness Program established by ORS 285B.627.

45 (2) In determining the amount of personal income tax revenue attributable to **net new jobs with**

1 **respect to** each eligible project, the Oregon Department of Administrative Services may rely on
2 reasonable techniques of estimation, if appropriate.

3 (3) Not later than May 15 of each fiscal year, the Oregon Department of Administrative Services
4 shall certify the amounts determined under subsection (1) of this section to the Department of Re-
5 venue, the Legislative Revenue Officer and the Legislative Fiscal Officer.

6 (4) Not sooner than July 10 and not later than July 15 of the following fiscal year, after re-
7 ceiving the certification under subsection (3) of this section, the Department of Revenue shall
8 transfer an amount equal to 50 percent of the cumulative amount for all eligible projects determined
9 under subsection (1) of this section to the Shared Services Fund established in ORS 285C.639.

10 (5) The Department of Revenue shall retain unreceipted revenue from the tax imposed under
11 ORS chapter 316 in an amount necessary to make the transfer required under subsection (4) of this
12 section. The department shall make the transfer out of the unreceipted revenue in lieu of paying the
13 revenue over to the State Treasurer for deposit in the General Fund.

14 (6) The Oregon Department of Administrative Services shall adopt rules necessary to administer
15 this section.

16 **SECTION 4.** ORS 285C.639 is amended to read:

17 285C.639. (1) The Shared Services Fund is established in the State Treasury, separate and dis-
18 tinct from the General Fund. Interest earned by the Shared Services Fund shall be credited to the
19 fund. The fund shall consist of:

20 (a) Moneys transferred by the Department of Revenue to the fund under ORS 285C.635 (4); and

21 (b) Interest earnings on moneys in the fund.

22 (2) All moneys in the Shared Services Fund are continuously appropriated to the Oregon De-
23 partment of Administrative Services for the purpose of making distributions described in subsection
24 (3) of this section.

25 (3) Not sooner than August 15 and not later than September 1 of the *[following]* fiscal year
26 **immediately following the fiscal year in which a certification under ORS 285C.635 (3) is**
27 **made**, the department shall *[distribute to counties for distribution to taxing districts]* **transfer** the
28 moneys from the Shared Services Fund **in the following proportions:**

29 (a) **40 percent to the State School Fund established under ORS 327.008; and**

30 (b) **60 percent to the State Economic Development Fund established under section 6 of**
31 **this 2015 Act.**

32 *[(a) In proportion to the amount of money transferred into the fund for each eligible project that*
33 *received a property tax exemption under ORS 307.123; and]*

34 *[(b) Consistent with the distribution of the community services fee under ORS 285C.609 for that*
35 *project.]*

36 *[(4) The department shall furnish the Oregon Business Development Commission with information*
37 *on the recipients of the distributions and the amounts distributed under this section, as requested by*
38 *the commission.]*

39 **SECTION 5.** Section 6 of this 2015 Act is added to and made a part of ORS 285C.600 to
40 285C.639.

41 **SECTION 6.** (1) The State Economic Development Fund is established in the State
42 Treasury, separate and distinct from the General Fund. Interest earned by the State Eco-
43 nomic Development Fund shall be credited to the fund. The fund shall consist of:

44 (a) Moneys transferred by the Oregon Department of Administrative Services to the fund
45 under ORS 285C.639 (3)(b); and

1 **(b) Interest earnings on moneys in the fund.**

2 **(2) All moneys in the State Economic Development Fund are continuously appropriated**
3 **to the Oregon Business Development Department for the purpose of developing**
4 **infrastructure in this state that fosters economic growth.**

5 **(3) The department shall adopt rules that establish the procedure and criteria for making**
6 **distributions from the fund.**

7 **SECTION 7.** **Section 6 of this 2015 Act and the amendments to ORS 285C.600, 285C.615,**
8 **285C.635 and 285C.639 by sections 1 to 4 of this 2015 Act apply to tax years beginning on or**
9 **after January 1, 2016.**

10 **SECTION 8.** **This 2015 Act takes effect on the 91st day after the date on which the 2015**
11 **regular session of the Seventy-eighth Legislative Assembly adjourns sine die.**

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