

Senate Bill 848

Sponsored by Senator BURDICK, Representatives BUCKLEY, LININGER

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 30 percent of moneys in Shared Services Fund to be distributed to counties in which eligible property receiving strategic investment program property tax exemption is located and remainder 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. Sunsets shared services program on January 2, 2025. Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to shared service funds; creating new provisions; amending ORS 285C.600, 285C.615,
3 285C.635, 285C.639 and 316.502 and section 6, chapter 905, Oregon Laws 2007; repealing ORS
4 285.635 and 285C.639; and prescribing an effective date.

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

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 and shall include:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (2) In determining the amount of personal income tax revenue attributable to **net new jobs with**
 2 **respect to** each eligible project, the Oregon Department of Administrative Services may rely on
 3 reasonable techniques of estimation, if appropriate.

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

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

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

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

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

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

- 21 (a) Moneys transferred by the Department of Revenue to the fund under ORS 285C.635 (4); and
- 22 (b) Interest earnings on moneys in the fund.

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

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

30 (a) **40 percent shall be transferred to the State School Fund established under ORS**
 31 **327.008.**

32 (b) **30 percent shall be transferred to the State Economic Development Fund established**
 33 **under section 6 of this 2015 Act.**

34 (c) **30 percent shall be distributed to counties for distribution to taxing districts:**

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

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

39 (4) The department shall furnish the Oregon Business Development Commission with information
 40 on the recipients of the distributions and the amounts distributed under **subsection (3)(c) of this**
 41 **section**, as requested by the commission.

42 **SECTION 5. Section 6 of this 2015 Act is added to and made a part of ORS 285C.600 to**
 43 **285C.639.**

44 **SECTION 6. (1) The State Economic Development Fund is established in the State**
 45 **Treasury, separate and distinct from the General Fund. Interest earned by the State Eco-**

1 **conomic Development Fund shall be credited to the fund. The fund shall consist of:**

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

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

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

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

10 **SECTION 7. Section 6 of this 2015 Act and the amendments to ORS 285C.600, 285C.615,**
11 **285C.635 and 285C.639 by sections 1 to 4 of this 2015 Act apply to tax years beginning on or**
12 **after January 1, 2016.**

13 **SECTION 8. (1) ORS 285C.635 and 285C.639 and section 6 of this 2015 Act are repealed on**
14 **January 2, 2025.**

15 (2) **Any moneys remaining in the Shared Services Fund established under ORS 285C.639**
16 **and the State Economic Development Fund established under section 6 of this 2015 Act on**
17 **January 1, 2025, shall be transferred to the General Fund.**

18 **SECTION 9. ORS 285C.615, as amended by section 2 of this 2015 Act, is amended to read:**

19 285C.615. (1) On or before April 1 following each tax year that property is exempt under ORS
20 307.123, the business firm that owns or leases the exempt property shall submit a report to the
21 Oregon Business Development Department, in addition to any other reporting or filing requirement.

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

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

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

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

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

34 (e) Numbers and amounts as described in paragraphs (c) and (d) of this subsection for total jobs,
35 retained jobs and net new jobs with respect to the eligible project; and

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

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

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

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

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

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

6 *[(6) After receiving the reports required under this section, the Oregon Business Development De-*
 7 *partment shall compile and organize the reported information for purposes of ORS 285C.635 and*
 8 *transmit it to the Oregon Department of Administrative Services. The Oregon Business Development*
 9 *Department shall transmit the information not later than April 15.]*

10 [(7)] (6) The Oregon Business Development Department shall adopt rules the department con-
 11 siders necessary to administer ORS 285C.600 to 285C.639.

12 **SECTION 10.** Section 6, chapter 905, Oregon Laws 2007, is amended to read:

13 **Sec. 6.** (1) *[Sections 2 and 3 of this 2007 Act]* **ORS 285C.615 and 285C.635** apply to tax years
 14 beginning on or after January 1, 2009, and before January 1, *[2019]* **2025**.

15 (2) *[Sections 2 and 3 of this 2007 Act]* **ORS 285C.615 and 285C.635** apply only to income taxes
 16 generated as the result of an eligible project that first becomes exempt from property taxation under
 17 ORS 307.123 on or after January 1, 2008, and continue to apply only as long as the project remains
 18 exempt.

19 **SECTION 11.** ORS 316.502 is amended to read:

20 316.502. (1) The net revenue from the tax imposed by this chapter, after deducting refunds and
 21 amounts described in ORS 285B.630 *[and 285C.635]*, shall be paid over to the State Treasurer and
 22 held in the General Fund as miscellaneous receipts available generally to meet any expense or ob-
 23 ligation of the State of Oregon lawfully incurred.

24 (2) A working balance of unreceipted revenue from the tax imposed by this chapter may be re-
 25 tained for the payment of refunds, but such working balance shall not at the close of any fiscal year
 26 exceed the sum of \$1 million.

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

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

29 (b) The refund payments in excess of tax liability authorized under ORS 315.174, 315.262 and
 30 315.266 and section 17, chapter 906, Oregon Laws 2007.

31 **SECTION 12.** **The amendments to ORS 285C.615 and 316.502 by sections 9 and 11 of this**
 32 **2015 Act become operative January 2, 2025.**

33 **SECTION 13.** **This 2015 Act takes effect on the 91st day after the date on which the 2015**
 34 **regular session of the Seventy-eighth Legislative Assembly adjourns sine die.**

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