

## HOUSE AMENDMENTS TO A-ENGROSSED SENATE BILL 1565

By COMMITTEE ON REVENUE

February 29

1 On page 1 of the printed A-engrossed bill, line 2, after the semicolon insert “creating new pro-  
2 visions; amending ORS 184.484;”.

3 Delete lines 4 through 13 and delete pages 2 through 6 and insert:

4 **“SECTION 1. (1) As used in sections 1 to 5 of this 2016 Act:**

5 **“(a) ‘Eligible location’ means land and improvements that are located in a rural area.**

6 **“(b) ‘Eligible property’ means improvements classified as industrial under rules estab-  
7 lished by the Department of Revenue pursuant to ORS 308.215 (1)(a)(C), and associated per-  
8 sonal property, that:**

9 **“(A) Are newly constructed or installed at an eligible location; and**

10 **“(B) Have a cost of initial investment to the purchaser of at least \$1 million and not more  
11 than \$25 million.**

12 **“(c) ‘Qualified property’ means eligible property for which an application has been ap-  
13 proved under section 2 of this 2016 Act.**

14 **“(d) ‘Rural area’ means an area located entirely outside of the urban growth boundary  
15 of a city with a population of 40,000 or more, as the urban growth boundary is acknowledged  
16 on the date on which an applicant submits an application for eligible property under section  
17 2 of this 2016 Act.**

18 **“(2)(a) The governing body of a city or county may adopt an ordinance or resolution  
19 granting a property tax exemption for eligible property located within the boundaries of the  
20 city or county, respectively.**

21 **“(b) The terms of the exemption must conform to the provisions of sections 1 to 5 of this  
22 2016 Act. In addition, an ordinance or resolution adopted under this subsection shall establish  
23 standards for the imposition of conditions described in section 2 (4) of this 2016 Act.**

24 **“(3)(a) Qualified property must be:**

25 **“(A) Owned or leased by the applicant filing the application under section 2 of this 2016  
26 Act.**

27 **“(B) Used through the final year of exemption for the purpose, and at the location,  
28 identified in the application filed under section 2 of this 2016 Act.**

29 **“(b) The exemption:**

30 **“(A) May be granted to eligible property only if the first assessment year to which the  
31 application filed under section 2 of this 2016 Act relates is the first assessment year that  
32 begins after the eligible property was first placed in service; and**

33 **“(B) Shall be granted only for qualified property that was first placed in service after the  
34 ordinance or resolution was adopted.**

35 **“(4)(a) The exemption shall be granted as a 100 percent exemption of the real market**

1 value of the qualified property for any three out of five consecutive property tax years.

2 “(b) Notwithstanding paragraph (a) of this subsection, the city or county may specify in  
3 the ordinance or resolution:

4 “(A) A minimum cost of initial investment greater than \$1 million.

5 “(B) Any number of years not greater than five for which the exemption shall be granted.

6 “(C) The percentage of the real market value of the qualified property granted exemption  
7 for each year.

8 “(D) Different schedules in each property tax year for the years and percentages de-  
9 scribed in subparagraphs (B) and (C) of this paragraph, depending on the minimum costs of  
10 initial investment of the qualified property.

11 “(5)(a) An ordinance or resolution adopted pursuant to this section may not take effect  
12 unless, upon request of the city or county that adopted the ordinance or resolution, the rates  
13 of taxation of the taxing districts whose governing bodies agree to grant the exemption,  
14 when combined with the rate of taxation of the city or county, equal 75 percent or more of  
15 the total combined rate of taxation on the qualified property.

16 “(b) Upon the taking effect of the ordinance or resolution, the exemption shall apply to  
17 all property tax levies of all taxing districts in which qualified property is located.

18 “(c) The decisions of the taxing districts under paragraph (a) of this subsection may not  
19 be changed but are not binding with respect to an ordinance or resolution adopted pursuant  
20 to subsection (6) of this section or a new ordinance or resolution adopted pursuant to sub-  
21 section (2) of this section.

22 “(d) All qualified property shall be granted exemption under this section, or deferral un-  
23 der section 3 of this 2016 Act, on the same terms provided in the ordinance or resolution  
24 adopted or amended by the city or county and in effect on the date the application is sub-  
25 mitted under section 2 of this 2016 Act.

26 “(6)(a) A city or county may adopt at any time an ordinance or resolution amending the  
27 terms of an exemption granted pursuant to this section or a deferral granted pursuant to  
28 section 3 of this 2016 Act, subject to approval of the taxing districts under subsection (5)(a)  
29 of this section, or terminating the exemption or deferral.

30 “(b) Notwithstanding an ordinance or resolution adopted under paragraph (a) of this  
31 subsection, qualified property that has been granted an exemption pursuant to this section,  
32 or a deferral pursuant to section 3 of this 2016 Act, shall continue to receive the exemption  
33 or deferral under the terms in effect at the time the exemption or deferral was first granted.

34 “(7) If a city or county proposes an ordinance or resolution providing for an exemption  
35 on terms other than the terms provided in subsection (4)(a) of this section, the ordinance  
36 or resolution may not take effect unless the governing body of the city or county, as appli-  
37 cable, receives testimony from the county assessor at a public hearing on the question re-  
38 garding the cost and administration of the proposed terms of the exemption.

39 “(8)(a) Qualified property granted an exemption pursuant to this section, or a deferral  
40 pursuant to section 3 of this 2016 Act, is not eligible for any other property tax exemption  
41 or special assessment.

42 “(b) Otherwise eligible property that has received another property tax exemption or  
43 special assessment is not eligible for the exemption or deferral.

44 “(c) Paragraphs (a) and (b) of this subsection do not apply to the exemption granted un-  
45 der ORS 307.330.

1       **“SECTION 2. (1)(a) The governing body of a city or county that adopts an ordinance or**  
2 **resolution pursuant to section 1 of this 2016 Act shall prescribe exemption application forms**  
3 **and the information required to be included in the application.**

4       **“(b) If eligible property is located in a city and county, each of which has adopted an**  
5 **ordinance or resolution under section 1 of this 2016 Act, the applicant shall elect the ex-**  
6 **emption the applicant wishes to receive for the eligible property by submitting the applica-**  
7 **tion to the city or county, as applicable.**

8       **“(c) If the initial cost of investment of the eligible property exceeds \$25 million, the ap-**  
9 **plicant shall specify in the application the items of eligible property having a total cost of**  
10 **initial investment of \$25 million for which the exemption is sought.**

11       **“(d) An application must be accompanied by an application fee fixed by the city or county,**  
12 **as applicable, in an amount determined to compensate the city or county for the actual costs**  
13 **of processing the application.**

14       **“(2)(a) An application must be submitted for review to the city or county, as applicable,**  
15 **on or before March 1 preceding the property tax year to which the application relates.**

16       **“(b) Notwithstanding paragraph (a) of this subsection, an application may be filed under**  
17 **this section for the current property tax year:**

18       **“(A) On or before December 31 of the property tax year, if the application is accompanied**  
19 **by a late filing fee of the greater of \$200 or one-tenth of one percent of the real market value**  
20 **as of the most recent assessment date of the eligible property to which the application re-**  
21 **lates.**

22       **“(B) On or before April 1 of the property tax year, if the application is accompanied by**  
23 **a late filing fee of \$200 and the applicant demonstrates good and sufficient cause, as defined**  
24 **in ORS 307.162, for failing to file a timely application or is a first-time filer, as defined in ORS**  
25 **307.162.**

26       **“(c)(A) An application may be filed as provided in paragraph (b) of this subsection**  
27 **notwithstanding that there are no grounds for hardship as required for late filing under ORS**  
28 **307.475.**

29       **“(B) A late filing fee collected under paragraph (b) of this subsection must be deposited**  
30 **in the general fund of the city or county, as applicable.**

31       **“(d) If the ownership of all property included in the application for a prior year remains**  
32 **unchanged, a new application is not required.**

33       **“(3)(a) Upon receipt of an application submitted pursuant to subsection (2) of this section,**  
34 **the city or county, as applicable, shall determine as soon as practicable:**

35       **“(A) Whether the property to which the application relates is eligible property located**  
36 **within the boundaries of the city or county;**

37       **“(B) The cost of initial investment of the eligible property to the purchaser; and**

38       **“(C) The date on which the eligible property was first placed in service.**

39       **“(b) If any determination made pursuant to paragraph (a) of this subsection renders the**  
40 **property ineligible for the exemption, the application shall be rejected.**

41       **“(4) If the property is eligible for the exemption under subsection (3) of this section, the**  
42 **application meets the requirements of the ordinance or resolution of the city or county and**  
43 **the governing body of the city or county and the applicant have agreed to conditions under**  
44 **section 5 of this 2016 Act, the governing body shall adopt a resolution:**

45       **“(a) Approving the application;**

1       “(b) Stating the conditions; and

2       “(c) Notifying the assessor of the county in which the qualified property is located and,  
3 if the qualified property is state-appraised industrial property, the Department of Revenue  
4 of the approval and including with the notification such information as is necessary for the  
5 assessor and department to perform their respective duties with respect to the qualified  
6 property.

7       “(5) Provided all other requirements of ORS 305.275 are met, the cost of initial invest-  
8 ment of the qualified property as determined under this section may be appealed pursuant  
9 to ORS 305.275 even if, for purposes of ORS 305.275 (1)(a), the governing body of the city  
10 makes the determination of the cost. The rejection of an application on any basis other than  
11 the cost of initial investment may not be appealed.

12       “(6) For each property tax year that qualified property is granted exemption pursuant to  
13 this section, the assessor of the county in which the qualified property is located:

14       “(a) Shall enter on the assessment and tax roll the notation ‘potential additional tax li-  
15 ability’; and

16       “(b) May impose and collect a fee in an amount determined by the assessor to compen-  
17 sate the assessor for the actual costs of administering the exemption for the qualified prop-  
18 erty.

19       “SECTION 3. (1)(a) The governing body of a city or county that adopts an ordinance or  
20 resolution pursuant to section 1 of this 2016 Act may, at the time of adoption, elect to grant  
21 the amount of the exemption as computed under section 1 (4) of this 2016 Act as a deferral  
22 of property taxes rather than as an exemption. Except as otherwise provided in this section,  
23 all provisions of sections 1, 2 and 4 of this 2016 Act apply to a property tax deferral elected  
24 in accordance with this section. The election to defer rather than exempt property taxes may  
25 be changed only in the manner provided by section 1 (6) of this 2016 Act.

26       “(b) An ordinance or resolution that grants a deferral pursuant to paragraph (a) of this  
27 subsection may not take effect unless the governing body of the city or county, as applicable,  
28 receives testimony from the county assessor at a public hearing on the question regarding  
29 the cost and administration of the proposed terms of the deferral.

30       “(2)(a) For each property tax year that qualified property is granted deferral pursuant  
31 to this section, and until the taxes have been added to the assessment and tax roll under  
32 subsection (3) of this section, the assessor of the county in which the qualified property is  
33 located:

34       “(A) Shall enter on the assessment and tax roll the notation ‘deferred additional tax li-  
35 ability’; and

36       “(B) May impose and collect a fee in an amount determined by the assessor to compen-  
37 sate the assessor for the actual costs of administering the deferral for the qualified property.

38       “(b) Interest shall not accrue on taxes deferred pursuant to this section during the period  
39 of deferral.

40       “(3)(a) Taxes deferred pursuant to this section shall be added to the taxes extended  
41 against the qualified property on the assessment and tax roll as follows:

42       “(A) The deferred additional taxes for the first property tax year for which deferral was  
43 granted shall be added to the tax extended against the qualified property on the assessment  
44 and tax roll for the first property tax year that begins after the period of deferral ends; and

45       “(B) The deferred additional taxes for the second, third, fourth and fifth property tax

1 years, as applicable, shall be added to the tax extended against the qualified property on the  
2 assessment and tax roll for the second, third, fourth and fifth property tax years, respec-  
3 tively, that begin after the period of deferral ends.

4 “(b) Deferred additional taxes collected pursuant to this section shall be deemed to be  
5 assessed and imposed in the property tax year for which the taxes were imposed and de-  
6 ferred.

7 “(c) Deferred additional taxes added to the tax extended against the qualified property  
8 may be paid to the tax collector prior to the completion of the assessment and tax roll to  
9 which the tax is to be added, pursuant to ORS 311.370. The tax collector may apply prepay-  
10 ments of deferred additional taxes under this paragraph for one or more future property tax  
11 years to the taxes imposed on the next following assessment and tax roll.

12 “(4) If any qualified property granted deferral under this section is sold or otherwise  
13 transferred or is moved out of the county, the lien for the deferred additional taxes added  
14 under this section shall attach and the deferred additional taxes are due and payable as of  
15 the day before the sale or transfer or, if the qualified property is removed from the county,  
16 five days before the removal, whichever is earlier.

17 “SECTION 4. (1) The assessor of the county in which qualified property is located shall  
18 immediately disqualify the property for an exemption granted pursuant to section 1 of this  
19 2016 Act, or deferral granted pursuant to section 3 of this 2016 Act, and the disqualified  
20 property shall be assessed and taxed in the same manner as other property is assessed and  
21 taxed, if, in any year through the final assessment year of the exemption or deferral:

22 “(a) The qualified property is not used for the purpose, or at the location, identified in  
23 the application approved under section 2 of this 2016 Act; or

24 “(b) The applicant fails to comply with the conditions established and agreed to under  
25 section 5 of this 2016 Act.

26 “(2)(a) If the disqualified property was granted an exemption, additional taxes shall be  
27 assessed against the property for the first property tax year following the disqualification in  
28 an amount equal to the difference between the taxes assessed against the property and the  
29 taxes that would have been assessed against the property without the exemption, for the  
30 number of years that the exemption was granted.

31 “(b) If the disqualified property was granted a deferral, deferred additional taxes shall  
32 be assessed against the property for the first property tax year following the disqualification  
33 in an amount equal to the deferred taxes for all years for which the deferral was granted.

34 “SECTION 5. (1) As used in this section:

35 “(a) ‘Annual average employment of the applicant’ means the average employment of the  
36 applicant, calculated over the 12 months preceding the date of the application submitted  
37 under section 2 of this 2016 Act.

38 “(b) ‘Employment of the applicant’ means the number of employees working for the ap-  
39 plicant a majority of their time in eligible operations at locations in this state.

40 “(c) ‘First-source hiring agreement’ means an agreement between an applicant and a  
41 publicly funded job training provider whereby the provider refers qualified candidates to the  
42 firm for new jobs and job openings in the firm.

43 “(2) An application for exemption may not be approved under section 2 of this 2016 Act  
44 unless the applicant and the governing body of the city or county have agreed to, and the  
45 applicant has complied with, the conditions of this section.

1       “(3) The applicant must agree to enter into a first-source hiring agreement with the  
2 governing body of the city or county for the period of the exemption.

3       “(4) No later than the date on which the application is submitted, the employment of the  
4 applicant may not be less than the greater of:

5           “(a) 110 percent of the annual average employment of the applicant; or

6           “(b) The annual average employment of the applicant plus one employee.

7       “(5)(a) The applicant or another firm under common control may not close or perma-  
8 nently curtail operations in another part of the state that is more than 30 miles from the  
9 eligible location. This subsection applies to the transfer of any of the applicant’s operations  
10 to an eligible location from another part of the state, if the closure or permanent curtail-  
11 ment in the other part of the state decreased the applicant’s employment in the other part  
12 of the state.

13       “(b) The applicant or another firm under common control may not close or permanently  
14 curtail operations in another part of the state that is 30 miles or less from the eligible lo-  
15 cation unless the employment of the applicant at the eligible location and at the other lo-  
16 cations from which employees were transferred has been increased to not less than 110  
17 percent of the annual average employment of the firm at the eligible location and the other  
18 locations from which the employees were transferred.

19       “(6) The governing body of the city or county may establish other reasonable conditions  
20 related to economic development with respect to the qualified property, including greater  
21 employment requirements under this section.

22       “(7) The conditions established under this subsection may be modified at the request of  
23 the applicant at any time before the beginning of the first property tax year for which the  
24 exemption is granted.

25       “(8) The governing body of the city or county shall establish procedures for monitoring  
26 and verifying the compliance of the applicant with the conditions imposed under this section  
27 and shall require the applicant to agree to the procedures as a condition for granting the  
28 exemption.

29       “(9) The conditions established under this subsection shall be set forth in the resolution  
30 adopted under section 2 (4) of this 2016 Act and shall remain in effect throughout the period  
31 for which the exemption is granted.

32       “SECTION 6. (1) Sections 1 to 5 of this 2016 Act are repealed on January 2, 2024.

33       “(2) Notwithstanding the date specified in subsection (1) of this section, newly con-  
34 structed or installed industrial improvements that are granted exemption or deferral under  
35 an ordinance or resolution adopted pursuant to section 1 of this 2016 Act shall continue to  
36 receive the exemption or deferral under the provisions of the ordinance or resolution.

37       “SECTION 7. (1) As soon as practicable after December 1 of each year, a city or county  
38 that has granted a property tax exemption or deferral pursuant to sections 1 to 5 of this 2016  
39 Act shall submit the following information from the current property tax year to the De-  
40 partment of Revenue:

41           “(a) The kind and value of the qualified property;

42           “(b) The name of the owner or lessee that submitted the application approved under  
43 section 2 of this 2016 Act;

44           “(c) The real market value of the qualified property;

45           “(d) The amount of ad valorem property taxes that were not imposed on the property

1 **because of the exemption or deferral;**

2 **“(e) The number of years and the percentage of real market value for which the ex-**  
3 **emption or deferral was granted; and**

4 **“(f) A copy of the employment and other conditions established for the property under**  
5 **section 2 (4) of this 2016 Act.**

6 **“(2) The department shall submit the information in a report to the Chief State Infor-**  
7 **mation Officer for posting on the Oregon transparency website under ORS 184.484.**

8 **“SECTION 8.** ORS 184.484 is amended to read:

9 “184.484. (1) For each statute that authorizes a tax expenditure with a purpose connected to  
10 economic development and that is listed in subsection (2) of this section, the state agency charged  
11 with certifying or otherwise administering the tax expenditure shall submit a report to the State  
12 Chief Information Officer. If a statute does not exist to authorize a state agency to certify or oth-  
13 erwise administer the tax expenditure, or if a statute does not provide for certification or adminis-  
14 tration of the tax expenditure, the Department of Revenue shall submit the report.

15 “(2) This section applies to:

16 “(a) ORS 285C.175, 285C.309, 285C.362, 307.123, 307.455, 315.141, 315.331, 315.336, 315.341,  
17 315.507, 315.514, 315.533, 316.698, 316.778, 317.124, 317.391 and 317.394 **and sections 1 to 5 of this**  
18 **2016 Act.**

19 “(b) Grants awarded under ORS 469B.256 in any tax year in which certified renewable energy  
20 contributions are received as provided in ORS 315.326.

21 “(c) ORS 315.354 except as applicable in ORS 469B.145 (2)(a)(L) or (N).

22 “(d) ORS 316.116, if the allowed credit exceeds \$2,000.

23 “(3) The following information, if the information is already available in an existing database the  
24 state agency maintains, must be included in the report required under this section:

25 “(a) The name of each taxpayer or applicant approved for the allowance of a tax expenditure  
26 or a grant award under ORS 469B.256.

27 “(b) The address of each taxpayer or applicant.

28 “(c) The total amount of credit against tax liability, reduction in taxable income or exemption  
29 from property taxation granted to each taxpayer or applicant.

30 “(d) Specific outcomes or results required by the tax expenditure program and information about  
31 whether the taxpayer or applicant meets those requirements. This information must be based on data  
32 the state agency has already collected and analyzed in the course of administering the tax expend-  
33 iture. Statistics must be accompanied by a description of the methodology employed in the statistics.

34 “(e) An explanation of the state agency’s certification decision for each taxpayer or applicant,  
35 if applicable.

36 “(f) Any additional information that the taxpayer or applicant submits and that the state agency  
37 relies on in certifying the determination.

38 “(g) Any other information that state agency personnel deem valuable as providing context for  
39 the information described in this subsection.

40 “(4) The information reported under subsection (3) of this section may not include proprietary  
41 information or information that is exempt from disclosure under ORS 192.410 to 192.505 or 314.835.

42 “(5) No later than September 30 of each year, a state agency described in subsection (1) of this  
43 section shall submit to the State Chief Information Officer the information required under subsection  
44 (3) of this section as applicable to applications for allowance of tax expenditures the state agency  
45 approved during the agency fiscal year ending during the current calendar year. The information

1 must then be posted on the Oregon transparency website described in ORS 184.483 no later than  
2 December 31 of the same year.

3 “(6)(a) In addition to the information described in subsection (3) of this section, the State Chief  
4 Information Officer shall post on the Oregon transparency website:

5 “(A) Copies of all reports that the State Chief Information Officer, the Department of Revenue  
6 or the Oregon Business Development Department receives from counties and other local govern-  
7 ments relating to properties in enterprise zones that have received tax exemptions under ORS  
8 285C.170, 285C.175 or 285C.409, or that are eligible for tax exemptions under ORS 285C.309, 315.507  
9 or 317.124 by reason of being in an enterprise zone; and

10 “(B) Copies of any annual reports that agencies described in subsection (1) of this section are  
11 required by law to produce regarding the administration of statutes listed in subsection (2) of this  
12 section.

13 “(b) The reports must be submitted to the State Chief Information Officer in a manner and for-  
14 mat that the State Chief Information Officer prescribes.

15 “(7) The information described in this section that is available on the Oregon transparency  
16 website must be accessible in the format and manner required by the State Chief Information Offi-  
17 cer.

18 “(8) The information described in this section must be provided to the Oregon transparency  
19 website by posting reports and providing links to existing information systems applications in ac-  
20 cordance with standards established by the State Chief Information Officer.

21 “**SECTION 9. This 2016 Act takes effect on the 91st day after the date on which the 2016**  
22 **regular session of the Seventy-eighth Legislative Assembly adjourns sine die.”.**

23