

Requested by HOUSE COMMITTEE ON REVENUE

**PROPOSED AMENDMENTS TO
A-ENGROSSED SENATE BILL 1565**

1 On page 1 of the printed A-engrossed bill, line 2, after the semicolon in-
2 sert “creating new provisions; 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 lo-**
6 **cated in a rural area.**

7 **“(b) ‘Eligible property’ means improvements classified as industrial**
8 **under rules established by the Department of Revenue pursuant to**
9 **ORS 308.215 (1)(a)(C), and associated personal property, that:**

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

11 **“(B) Have a cost of initial investment to the purchaser of at least**
12 **\$1 million and not more than \$25 million.**

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

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

20 **“(2)(a) The governing body of a city or county may adopt an ordi-**
21 **nance or resolution granting a property tax exemption for eligible**

1 **property located within the boundaries of the city or county, respec-**
2 **tively.**

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

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

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

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

13 **“(b) The exemption:**

14 **“(A) May be granted to eligible property only if the first assessment**
15 **year to which the application filed under section 2 of this 2016 Act re-**
16 **lates is the first assessment year that begins after the eligible property**
17 **was first placed in service; and**

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

20 **“(4)(a) The exemption shall be granted as a 100 percent exemption**
21 **of the real market value of the qualified property for any three out**
22 **of five consecutive property tax years.**

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

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

26 **“(B) Any number of years not greater than five for which the ex-**
27 **emption shall be granted.**

28 **“(C) The percentage of the real market value of the qualified prop-**
29 **erty granted exemption for each year.**

30 **“(D) Different schedules in each property tax year for the years and**

1 percentages described in subparagraphs (B) and (C) of this paragraph,
2 depending on the minimum costs of initial investment of the qualified
3 property.

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

11 “(b) Upon the taking effect of the ordinance or resolution, the ex-
12 emption shall apply to all property tax levies of all taxing districts in
13 which qualified property is located.

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

19 “(d) All qualified property shall be granted exemption under this
20 section, or deferral under section 3 of this 2016 Act, on the same terms
21 provided in the ordinance or resolution adopted or amended by the city
22 or county and in effect on the date the application is submitted under
23 section 2 of this 2016 Act.

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

29 “(b) Notwithstanding an ordinance or resolution adopted under
30 paragraph (a) of this subsection, qualified property that has been

1 granted an exemption pursuant to this section, or a deferral pursuant
2 to section 3 of this 2016 Act, shall continue to receive the exemption
3 or deferral under the terms in effect at the time the exemption or
4 deferral was first granted.

5 “(7) If a city or county proposes an ordinance or resolution provid-
6 ing for an exemption on terms other than the terms provided in sub-
7 section (4)(a) of this section, the ordinance or resolution may not take
8 effect unless the governing body of the city or county, as applicable,
9 receives testimony from the county assessor at a public hearing on the
10 question regarding the cost and administration of the proposed terms
11 of the exemption.

12 “(8)(a) Qualified property granted an exemption pursuant to this
13 section, or a deferral pursuant to section 3 of this 2016 Act, is not eli-
14 gible for any other property tax exemption or special assessment.

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

18 “(c) Paragraphs (a) and (b) of this subsection do not apply to the
19 exemption granted under ORS 307.330.

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

24 “(b) If eligible property is located in a city and county, each of
25 which has adopted an ordinance or resolution under section 1 of this
26 2016 Act, the applicant shall elect the exemption the applicant wishes
27 to receive for the eligible property by submitting the application to the
28 city or county, as applicable.

29 “(c) If the initial cost of investment of the eligible property exceeds
30 \$25 million, the applicant shall specify in the application the items of

1 eligible property having a total cost of initial investment of \$25 million
2 for which the exemption is sought.

3 “(d) An application must be accompanied by an application fee fixed
4 by the city or county, as applicable, in an amount determined to
5 compensate the city or county for the actual costs of processing the
6 application.

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

10 “(b) Notwithstanding paragraph (a) of this subsection, an applica-
11 tion may be filed under this section for the current property tax year:

12 “(A) On or before December 31 of the property tax year, if the ap-
13 plication is accompanied by a late filing fee of the greater of \$200 or
14 one-tenth of one percent of the real market value as of the most re-
15 cent assessment date of the eligible property to which the application
16 relates.

17 “(B) On or before April 1 of the property tax year, if the application
18 is accompanied by a late filing fee of \$200 and the applicant demon-
19 strates good and sufficient cause, as defined in ORS 307.162, for failing
20 to file a timely application or is a first-time filer, as defined in ORS
21 307.162.

22 “(c)(A) An application may be filed as provided in paragraph (b) of
23 this subsection notwithstanding that there are no grounds for hard-
24 ship as required for late filing under ORS 307.475.

25 “(B) A late filing fee collected under paragraph (b) of this sub-
26 section must be deposited in the general fund of the city or county,
27 as applicable.

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

30 “(3)(a) Upon receipt of an application submitted pursuant to sub-

1 section (2) of this section, the city or county, as applicable, shall de-
2 termine as soon as practicable:

3 “(A) Whether the property to which the application relates is eligi-
4 ble property located within the boundaries of the city or county;

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

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

9 “(b) If any determination made pursuant to paragraph (a) of this
10 subsection renders the property ineligible for the exemption, the ap-
11 plication shall be rejected.

12 “(4) If the property is eligible for the exemption under subsection
13 (3) of this section, the application meets the requirements of the or-
14 dinance or resolution of the city or county and the governing body of
15 the city or county and the applicant have agreed to conditions under
16 section 5 of this 2016 Act, the governing body shall adopt a resolution:

17 “(a) Approving the application;

18 “(b) Stating the conditions; and

19 “(c) Notifying the assessor of the county in which the qualified
20 property is located and, if the qualified property is state-appraised in-
21 dustrial property, the Department of Revenue of the approval and in-
22 cluding with the notification such information as is necessary for the
23 assessor and department to perform their respective duties with re-
24 spect to the qualified property.

25 “(5) Provided all other requirements of ORS 305.275 are met, the
26 cost of initial investment of the qualified property as determined under
27 this section may be appealed pursuant to ORS 305.275 even if, for
28 purposes of ORS 305.275 (1)(a), the governing body of the city makes
29 the determination of the cost. The rejection of an application on any
30 basis other than the cost of initial investment may not be appealed.

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

4 “(a) Shall enter on the assessment and tax roll the notation ‘po-
5 tential additional tax liability’; and

6 “(b) May impose and collect a fee in an amount determined by the
7 assessor to compensate the assessor for the actual costs of adminis-
8 tering the exemption for the qualified property.

9 “SECTION 3. (1)(a) The governing body of a city or county that
10 adopts an ordinance or resolution pursuant to section 1 of this 2016
11 Act may, at the time of adoption, elect to grant the amount of the
12 exemption as computed under section 1 (4) of this 2016 Act as a deferr-
13 al of property taxes rather than as an exemption. Except as otherwise
14 provided in this section, all provisions of sections 1, 2 and 4 of this 2016
15 Act apply to a property tax deferral elected in accordance with this
16 section. The election to defer rather than exempt property taxes may
17 be changed only in the manner provided by section 1 (6) of this 2016
18 Act.

19 “(b) An ordinance or resolution that grants a deferral pursuant to
20 paragraph (a) of this subsection may not take effect unless the gov-
21 erning body of the city or county, as applicable, receives testimony
22 from the county assessor at a public hearing on the question regarding
23 the cost and administration of the proposed terms of the deferral.

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

28 “(A) Shall enter on the assessment and tax roll the notation ‘de-
29 ferred additional tax liability’; and

30 “(B) May impose and collect a fee in an amount determined by the

1 assessor to compensate the assessor for the actual costs of adminis-
2 tering the deferral for the qualified property.

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

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

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

12 “(B) The deferred additional taxes for the second, third, fourth and
13 fifth property tax years, as applicable, shall be added to the tax ex-
14 tended against the qualified property on the assessment and tax roll
15 for the second, third, fourth and fifth property tax years, respectively,
16 that begin after the period of deferral ends.

17 “(b) Deferred additional taxes collected pursuant to this section
18 shall be deemed to be assessed and imposed in the property tax year
19 for which the taxes were imposed and deferred.

20 “(c) Deferred additional taxes added to the tax extended against the
21 qualified property may be paid to the tax collector prior to the com-
22 pletion of the assessment and tax roll to which the tax is to be added,
23 pursuant to ORS 311.370. The tax collector may apply prepayments of
24 deferred additional taxes under this paragraph for one or more future
25 property tax years to the taxes imposed on the next following assess-
26 ment and tax roll.

27 “(4) If any qualified property granted deferral under this section is
28 sold or otherwise transferred or is moved out of the county, the lien
29 for the deferred additional taxes added under this section shall attach
30 and the deferred additional taxes are due and payable as of the day

1 before the sale or transfer or, if the qualified property is removed from
2 the county, five days before the removal, whichever is earlier.

3 **“SECTION 4. (1) The assessor of the county in which qualified**
4 **property is located shall immediately disqualify the property for an**
5 **exemption granted pursuant to section 1 of this 2016 Act, or deferral**
6 **granted pursuant to section 3 of this 2016 Act, and the disqualified**
7 **property shall be assessed and taxed in the same manner as other**
8 **property is assessed and taxed, if, in any year through the final as-**
9 **essment year of the exemption or deferral:**

10 **“(a) The qualified property is not used for the purpose, or at the**
11 **location, identified in the application approved under section 2 of this**
12 **2016 Act; or**

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

15 **“(2)(a) If the disqualified property was granted an exemption, addi-**
16 **tional taxes shall be assessed against the property for the first prop-**
17 **erty tax year following the disqualification in an amount equal to the**
18 **difference between the taxes assessed against the property and the**
19 **taxes that would have been assessed against the property without the**
20 **exemption, for the number of years that the exemption was granted.**

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

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

26 **“(a) ‘Annual average employment of the applicant’ means the av-**
27 **erage employment of the applicant, calculated over the 12 months**
28 **preceding the date of the application submitted under section 2 of this**
29 **2016 Act.**

30 **“(b) ‘Employment of the applicant’ means the number of employees**

1 working for the applicant a majority of their time in eligible oper-
2 ations at locations in this state.

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

7 “(2) An application for exemption may not be approved under sec-
8 tion 2 of this 2016 Act unless the applicant and the governing body of
9 the city or county have agreed to, and the applicant has complied
10 with, the conditions of this section.

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

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

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

18 “(b) The annual average employment of the applicant plus one em-
19 ployee.

20 “(5)(a) The applicant or another firm under common control may
21 not close or permanently curtail operations in another part of the
22 state that is more than 30 miles from the eligible location. This sub-
23 section applies to the transfer of any of the applicant’s operations to
24 an eligible location from another part of the state, if the closure or
25 permanent curtailment in the other part of the state decreased the
26 applicant’s employment in the other part of the state.

27 “(b) The applicant or another firm under common control may not
28 close or permanently curtail operations in another part of the state
29 that is 30 miles or less from the eligible location unless the employ-
30 ment of the applicant at the eligible location and at the other locations

1 from which employees were transferred has been increased to not less
2 than 110 percent of the annual average employment of the firm at the
3 eligible location and the other locations from which the employees
4 were transferred.

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

9 “(7) The conditions established under this subsection may be modi-
10 fied at the request of the applicant at any time before the beginning
11 of the first property tax year for which the exemption is granted.

12 “(8) The governing body of the city or county shall establish pro-
13 cedures for monitoring and verifying the compliance of the applicant
14 with the conditions imposed under this section and shall require the
15 applicant to agree to the procedures as a condition for granting the
16 exemption.

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

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

23 “(2) Notwithstanding the date specified in subsection (1) of this
24 section, newly constructed or installed industrial improvements that
25 are granted exemption or deferral under an ordinance or resolution
26 adopted pursuant to section 1 of this 2016 Act shall continue to receive
27 the exemption or deferral under the provisions of the ordinance or
28 resolution.

29 **“SECTION 7. (1) As soon as practicable after December 1 of each
30 year, a city or county that has granted a property tax exemption or**

1 **deferral pursuant to sections 1 to 5 of this 2016 Act shall submit the**
2 **following information from the current property tax year to the De-**
3 **partment of Revenue:**

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

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

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

8 **“(d) The amount of ad valorem property taxes that were not im-**
9 **posed on the property because of the exemption or deferral;**

10 **“(e) The number of years and the percentage of real market value**
11 **for which the exemption or deferral was granted; and**

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

14 **“(2) The department shall submit the information in a report to the**
15 **Chief State Information Officer for posting on the Oregon transpar-**
16 **ency website under ORS 184.484.**

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

18 **“184.484. (1) For each statute that authorizes a tax expenditure with a**
19 **purpose connected to economic development and that is listed in subsection**
20 **(2) of this section, the state agency charged with certifying or otherwise**
21 **administering the tax expenditure shall submit a report to the State Chief**
22 **Information Officer. If a statute does not exist to authorize a state agency**
23 **to certify or otherwise administer the tax expenditure, or if a statute does**
24 **not provide for certification or administration of the tax expenditure, the**
25 **Department of Revenue shall submit the report.**

26 **“(2) This section applies to:**

27 **“(a) ORS 285C.175, 285C.309, 285C.362, 307.123, 307.455, 315.141, 315.331,**
28 **315.336, 315.341, 315.507, 315.514, 315.533, 316.698, 316.778, 317.124, 317.391 and**
29 **317.394 and sections 1 to 5 of this 2016 Act.**

30 **“(b) Grants awarded under ORS 469B.256 in any tax year in which certi-**

1 fied renewable energy contributions are received as provided in ORS 315.326.

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

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

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

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

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

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

13 “(d) Specific outcomes or results required by the tax expenditure program
14 and information about whether the taxpayer or applicant meets those re-
15 quirements. This information must be based on data the state agency has
16 already collected and analyzed in the course of administering the tax ex-
17 penditure. Statistics must be accompanied by a description of the methodol-
18 ogy employed in the statistics.

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

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

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

25 “(4) The information reported under subsection (3) of this section may not
26 include proprietary information or information that is exempt from disclo-
27 sure under ORS 192.410 to 192.505 or 314.835.

28 “(5) No later than September 30 of each year, a state agency described in
29 subsection (1) of this section shall submit to the State Chief Information
30 Officer the information required under subsection (3) of this section as ap-

1 plicable to applications for allowance of tax expenditures the state agency
2 approved during the agency fiscal year ending during the current calendar
3 year. The information must then be posted on the Oregon transparency
4 website described in ORS 184.483 no later than December 31 of the same year.

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

8 “(A) Copies of all reports that the State Chief Information Officer, the
9 Department of Revenue or the Oregon Business Development Department
10 receives from counties and other local governments relating to properties in
11 enterprise zones that have received tax exemptions under ORS 285C.170,
12 285C.175 or 285C.409, or that are eligible for tax exemptions under ORS
13 285C.309, 315.507 or 317.124 by reason of being in an enterprise zone; and

14 “(B) Copies of any annual reports that agencies described in subsection
15 (1) of this section are required by law to produce regarding the adminis-
16 tration of statutes listed in subsection (2) of this section.

17 “(b) The reports must be submitted to the State Chief Information Officer
18 in a manner and format that the State Chief Information Officer prescribes.

19 “(7) The information described in this section that is available on the
20 Oregon transparency website must be accessible in the format and manner
21 required by the State Chief Information Officer.

22 “(8) The information described in this section must be provided to the
23 Oregon transparency website by posting reports and providing links to ex-
24 isting information systems applications in accordance with standards estab-
25 lished by the State Chief Information Officer.

26 **“SECTION 9. This 2016 Act takes effect on the 91st day after the**
27 **date on which the 2016 regular session of the Seventy-eighth Legisla-**
28 **tive Assembly adjourns sine die.”**

29