

B-Engrossed House Bill 2066

Ordered by the House July 5
Including House Amendments dated June 6 and July 5

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue)

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.

[Modifies definition of "logger" to conform with forestry industry employment practices, for purposes of subtraction from federal taxable income allowed for traveling expenses of logger.]

Extends sunset for tax credits for reservation enterprise zones, affordable housing lenders, rural medical providers and fish screening devices. Increases total amount of qualified loans eligible for affordable housing lender credit for fiscal year. Limits eligibility for rural medical provider credit based on adjusted gross income, with exceptions for certain physician specialties, and limits lifetime use of credit. Sunsets biomass tax credit. Applies to tax years beginning on or after January 1, 2018.

Creates tax credit for collection of bovine manure. Directs State Department of Agriculture to administer credit. Applies to tax years beginning on or after January 1, 2018, and before January 1, 2022.

Creates tax credit for employer that establishes and implements employee training program in collaboration with community college in qualifying county. Applies to tax years beginning on or after January 1, 2017.

Defines "qualified rural county" to mean, for certain economic development programs, county outside all metropolitan statistical areas in which total property taxes imposed by all taxing districts equal at least 1.3 percent of total assessed value of all taxable property in county. Lowers, for qualified rural counties, compensation requirements for such economic development programs while creating wage floors for all counties.

Lowers, for counties outside all metropolitan statistical areas, compensation requirements for certain economic development programs from at least 150 percent of certain county or state measurements to at least 130 percent of such county or state measurements.

For purposes of rural enterprise zone program, provides alternative criterion for eligibility for certification of facility located in county outside all metropolitan statistical areas in which total property taxes imposed by all taxing districts equal at least 1.3 percent of total assessed value of all taxable property in county.

Removes sunset from provision disallowing use of credits against corporate minimum tax.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to tax expenditures; creating new provisions; amending ORS 285B.600, 285C.050, 285C.160, 285C.400, 285C.403, 285C.412, 285C.503, 314.752, 315.613, 317.090, 317.097 and 318.031 and section 6, chapter 739, Oregon Laws 2007, sections 11, 21, 25 and 30, chapter 913, Oregon Laws 2009, and section 45, chapter 701, Oregon Laws 2015; and prescribing an effective date.

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

RESERVATION ENTERPRISE ZONES

SECTION 1. Section 21, chapter 913, Oregon Laws 2009, as amended by section 28, chapter 76, Oregon Laws 2010, is amended to read:

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 Housing and Community Services Department as provided in subsection (7) of this section. The
2 amount of the credit is equal to the difference between:

3 (a) The amount of finance charge charged by the lending institution during the taxable year at
4 an annual rate less than the market rate for a qualified loan that is made before January 1, [2020]
5 **2026**, that complies with the requirements of this section; and

6 (b) The amount of finance charge that would have been charged during the taxable year by the
7 lending institution for the qualified loan for housing construction, development, acquisition or re-
8 habilitation measured at the annual rate charged by the lending institution for nonsubsidized loans
9 made under like terms and conditions at the time the qualified loan for housing construction, de-
10 velopment, acquisition or rehabilitation is made.

11 (3) The maximum amount of credit for the difference between the amounts described in sub-
12 section (2)(a) and (b) of this section may not exceed four percent of the average unpaid balance of
13 the qualified loan during the tax year for which the credit is claimed.

14 (4) Any tax credit allowed under this section that is not used by the taxpayer in a particular
15 year may be carried forward and offset against the taxpayer's tax liability for the next succeeding
16 tax year. Any credit remaining unused in the next succeeding tax year may be carried forward and
17 used in the second succeeding tax year, and likewise, any credit not used in that second succeeding
18 tax year may be carried forward and used in the third succeeding tax year, and any credit not used
19 in that third succeeding tax year may be carried forward and used in the fourth succeeding tax year,
20 and any credit not used in that fourth succeeding tax year may be carried forward and used in the
21 fifth succeeding tax year, but may not be carried forward for any tax year thereafter.

22 (5) To be eligible for the tax credit allowable under this section, a lending institution must make
23 a qualified loan by either purchasing bonds, as defined in ORS 286A.001, issued on behalf of the
24 Housing and Community Services Department, the proceeds of which are used to finance or refi-
25 nance a loan that meets the criteria stated in this subsection, or by making a loan directly to:

26 (a) An individual or individuals who own a dwelling, participate in an owner-occupied commu-
27 nity rehabilitation program and are certified by the local government or its designated agent as
28 having an income level when the loan is made of less than 80 percent of the area median income;

29 (b) A qualified borrower who:

30 (A) Uses the loan proceeds to finance construction, development, acquisition or rehabilitation
31 of housing; and

32 (B) Provides a written certification executed by the Housing and Community Services Depart-
33 ment that the:

34 (i) Housing created by the loan is or will be occupied by households earning less than 80 percent
35 of the area median income; and

36 (ii) Full amount of savings from the reduced interest rate provided by the lending institution is
37 or will be passed on to the tenants in the form of reduced housing payments, regardless of other
38 subsidies provided to the housing project;

39 (c) Subject to subsection (14) of this section, a qualified borrower who:

40 (A) Uses the loan proceeds to finance construction, development, acquisition or rehabilitation
41 of housing consisting of a manufactured dwelling park; and

42 (B) Provides a written certification executed by the Housing and Community Services Depart-
43 ment that the housing will continue to be operated as a manufactured dwelling park during the pe-
44 riod for which the tax credit is allowed; or

45 (d) A qualified borrower who:

1 (A) Uses the loan proceeds to finance acquisition or rehabilitation of housing consisting of a
2 preservation project; and

3 (B) Provides a written certification executed by the Housing and Community Services Depart-
4 ment that the housing preserved by the loan:

5 (i) Is or will be occupied by households earning less than 80 percent of the area median income;
6 and

7 (ii) Is the subject of a rent assistance contract with the United States Department of Housing
8 and Urban Development or the United States Department of Agriculture that will be maintained by
9 the qualified borrower.

10 (6) A loan made to refinance a loan that meets the criteria stated in subsection (5) of this sec-
11 tion must be treated the same as a loan that meets the criteria stated in subsection (5) of this sec-
12 tion.

13 (7) For a qualified loan to be eligible for the tax credit allowable under this section, the Housing
14 and Community Services Department must execute a written certification for the qualified loan that:

15 (a) Specifies the period, not to exceed 20 years, as determined by the Housing and Community
16 Services Department, during which the tax credit is allowed for the qualified loan; and

17 (b) States that the qualified loan is within the limitation imposed by subsection (8) of this sec-
18 tion.

19 (8) The Housing and Community Services Department may certify qualified loans that are eligi-
20 ble under subsection (5) of this section if the total credits attributable to all qualified loans eligible
21 for credits under this section and then outstanding do not exceed [*\$17 million*] **\$25 million** for any
22 fiscal year. In making loan certifications under subsection (7) of this section, the Housing and
23 Community Services Department shall attempt to distribute the tax credits statewide, but shall
24 concentrate the tax credits in those areas of the state that are determined by the Oregon Housing
25 Stability Council to have the greatest need for affordable housing.

26 (9) The tax credit provided for in this section may be taken whether or not:

27 (a) The financial institution is eligible to take a federal income tax credit under section 42 of
28 the Internal Revenue Code with respect to the project financed by the qualified loan; or

29 (b) The project receives financing from bonds, the interest on which is exempt from federal
30 taxation under section 103 of the Internal Revenue Code.

31 (10) For a qualified loan defined in subsection (1)(i)(B) of this section financed through the pur-
32 chase of bonds, the interest of which is exempt from federal taxation under section 103 of the
33 Internal Revenue Code, the amount of finance charge that would have been charged under sub-
34 section (2)(b) of this section is determined by reference to the finance charge that would have been
35 charged if the federally tax exempt bonds had been issued and the tax credit under this section did
36 not apply.

37 (11) A lending institution may sell a qualified loan for which a certification has been executed
38 to a qualified assignee whether or not the lending institution retains servicing of the qualified loan
39 so long as a designated lending institution maintains records, annually verified by a loan servicer,
40 that establish the amount of tax credit earned by the taxpayer throughout each year of eligibility.

41 (12) Notwithstanding any other provision of law, a lending institution that is a community de-
42 velopment corporation organized under the Oregon Nonprofit Corporation Law may transfer all or
43 part of a tax credit allowed under this section to one or more other lending institutions that are
44 stockholders or members of the community development corporation or that otherwise participate
45 through the community development corporation in the making of one or more qualified loans for

1 which the tax credit under this section is allowed.

2 (13) The lending institution shall file an annual statement with the Housing and Community
3 Services Department, specifying that it has conformed with all requirements imposed by law to
4 qualify for a tax credit under this section.

5 (14) Notwithstanding subsection (1)(h) and (j) of this section, a qualified borrower on a loan to
6 finance the construction, development, acquisition or rehabilitation of a manufactured dwelling park
7 under subsection (5)(c) of this section must be a nonprofit corporation, manufactured dwelling park
8 nonprofit cooperative, state governmental entity, local unit of government as defined in ORS 466.706
9 or housing authority.

10 (15) The Housing and Community Services Department and the Department of Revenue may
11 adopt rules to carry out the provisions of this section.

12 **SECTION 5. The amendments to ORS 317.097 by section 4 of this 2017 Act apply to tax**
13 **years beginning on or after January 1, 2018.**

14
15 **BOVINE MANURE TAX CREDIT**

16
17 **SECTION 6. Section 7 of this 2017 Act is added to and made a part of ORS chapter 315.**

18 **SECTION 7. (1) As used in this section:**

19 (a) "Biofuel" means liquid, gaseous or solid fuels, derived from biomass, that have been
20 converted into a processed fuel ready for use as energy by a biofuel producer's customers
21 or for direct biomass energy use at the biofuel producer's site.

22 (b) "Biofuel producer" means a person that, through activities in Oregon:

23 (A) Alters the physical makeup of biomass to convert it into biofuel;

24 (B) Changes one biofuel into another type of biofuel; or

25 (C) Uses biomass in Oregon to produce energy.

26 (c) "Bovine manure" means, subject to subsection (2) of this section, cow manure that
27 is produced by cows on Oregon farms.

28 (d) "Bovine manure producer or collector" means a person that produces or collects
29 bovine manure in Oregon that is used, in Oregon, as biofuel or to produce biofuel.

30 (2) The Director of Agriculture may adopt rules to define criteria, only as the criteria
31 apply to bovine manure, to determine additional characteristics of bovine manure for pur-
32 poses of this section.

33 (3)(a) A bovine manure producer or collector shall be allowed a credit against the taxes
34 that would otherwise be due under ORS chapter 316 or, if the taxpayer is a corporation, un-
35 der ORS chapter 317 or 318 for the collection of bovine manure in Oregon that is used, in
36 Oregon, as biofuel or to produce biofuel.

37 (b) A credit under this section may be claimed in the tax year in which the credit is
38 certified under this section.

39 (c) A credit under this section may be claimed only once for each wet ton of bovine
40 manure.

41 (4) The amount of the credit shall be calculated at a rate of \$3.50 per wet ton, as certified
42 under this section.

43 (5)(a) The State Department of Agriculture may establish by rule procedures and criteria
44 for determining the amount of the tax credit to be certified under this section. The depart-
45 ment shall provide written certification to taxpayers that are eligible to claim the credit

1 under this section.

2 (b) The State Department of Agriculture may charge and collect a fee from taxpayers for
3 certification of credits under this section. The fee may not exceed the cost to the department
4 of issuing certifications.

5 (6) All fees collected under this section shall be deposited in the State Treasury to the
6 credit of the Department of Agriculture Service Fund. Moneys deposited under this section
7 are continuously appropriated to the department for the purpose of administering and en-
8 forcing the provisions of this section.

9 (7)(a) The Department of Revenue may by rule require that the State Department of
10 Agriculture provide information about the certification issued under this section, including
11 the name and taxpayer identification number of the taxpayer or other person receiving cer-
12 tification, the date the certification was issued in its final form, the approved amount of
13 credit and the first tax year for which the credit may be claimed.

14 (b) A taxpayer that is a pass-through entity that has received certification under this
15 section shall provide the information described in paragraph (a) of this section to the De-
16 partment of Revenue within two months after the close of the tax year in which the certi-
17 fication was issued.

18 (c) The Department of Revenue shall prescribe by rule the manner and the timing of
19 submission of the information to the department.

20 (8) The amount of the credit claimed under this section for any tax year may not exceed
21 the tax liability of the taxpayer.

22 (9) Each bovine manure producer or collector shall maintain a record of the written
23 certification of the amount of the tax credit under this section for a period of at least five
24 years after the tax year in which the credit is claimed and provide the written certification
25 to the Department of Revenue upon request.

26 (10) The credit shall be claimed on a form prescribed by the Department of Revenue that
27 contains the information required by the department.

28 (11) Any tax credit otherwise allowable under this section that is not used by the tax-
29 payer in a particular tax year may be carried forward and offset against the taxpayer's tax
30 liability for the next succeeding tax year. Any credit remaining unused in the next succeed-
31 ing tax year may be carried forward and used in the second succeeding tax year, and likewise
32 any credit not used in that second succeeding tax year may be carried forward and used in
33 the third succeeding tax year, and any credit not used in that third succeeding tax year may
34 be carried forward and used in the fourth succeeding tax year, but may not be carried for-
35 ward for any tax year thereafter.

36 (12) In the case of a credit allowed under this section:

37 (a) A nonresident shall be allowed the credit under this section in the proportion provided
38 in ORS 316.117.

39 (b) If a change in the status of the taxpayer from resident to nonresident or from non-
40 resident to resident occurs, the credit allowed by this section shall be determined in a man-
41 ner consistent with ORS 316.117.

42 (c) If a change in the taxable year of the taxpayer occurs as described in ORS 314.085,
43 or if the department terminates the taxpayer's taxable year under ORS 314.440, the credit
44 allowed under this section shall be prorated or computed in a manner consistent with ORS
45 314.085.

1 **SECTION 8.** (1) A person that has obtained a tax credit under section 7 of this 2017 Act
2 may transfer the credit to a taxpayer subject to tax under ORS chapter 316, 317 or 318. A
3 transfer that occurs on or after January 1, 2018, is conditioned upon compliance with this
4 section and ORS 315.052 and 315.053.

5 (2) The Department of Revenue may require that the person that has earned the credit
6 and the taxpayer that intends to claim the credit jointly file a notice of tax credit transfer
7 with the department on or before the earliest of the following dates:

- 8 (a) A date 30 days after the transfer of the credit;
- 9 (b) The date on which the transferee files a return; or
- 10 (c) The due date, including extensions, of the transferee's return.

11 (3) The notice shall be given on a form prescribed by the department that contains:

- 12 (a) The name and address of the transferor and of the transferee;
- 13 (b) The taxpayer identification number of the transferor and of the transferee;
- 14 (c) The dates on which the person earning the credit received certifications for the
15 credit;

16 (d) The amount of the credit that is certified, the amount that is being transferred and
17 the amount that is being retained by the transferor; and

18 (e) Any other information required by the department.

19 (4)(a) A transferor may separately transfer the entirety of that portion corresponding to
20 the tax year to one or more transferees, subject to subsection (5) of this subsection.

21 (b) Any amount of credit that would be allowed due only to a carryforward provision may
22 not be transferred.

23 (5) Any transfer of a tax credit or a portion of a tax credit must be completed no later
24 than the earliest of the following dates in relation to the tax return on which it is claimed:

- 25 (a) The original due date, including extensions, of the transferor's return;
- 26 (b) The date on which the transferor's return is actually filed;
- 27 (c) The original due date, including extensions, of the transferee's return; or
- 28 (d) The date on which the transferee's return is actually filed.

29 (6) If the transferor is a tax-exempt entity, the transfer must be completed on or before
30 a date one year after the close of the tax year for which the credit receives final certifica-
31 tion. As used in this subsection, "tax-exempt entity" means a government agency or an or-
32 ganization that is recognized as exempt under section 501(c)(3) of the Internal Revenue Code.

33 (7) The transferee shall claim the credit in accordance with the provisions of section 7
34 of this 2017 Act for the tax years in which the credit is allowed.

35 (8) The department by rule may establish policies and procedures for the implementation
36 of this section.

37 **SECTION 9.** (1) Under the procedures for a contested case under ORS chapter 183, the
38 director of the agency responsible for certifying or otherwise determining eligibility or
39 granting approval for a tax credit allowed under section 7 of this 2017 Act may order the
40 suspension, revocation or forfeiture of the tax credit approval or of a portion thereof if the
41 director finds that:

- 42 (a) The approval was obtained by fraud or misrepresentation;
- 43 (b) The approval was obtained by mistake or miscalculation; or
- 44 (c) The taxpayer otherwise violates or has violated a provision that allows or provides for
45 administration of a tax credit.

1 (2) As soon as an order of revocation under this section becomes final, the director shall
2 notify the Department of Revenue and the person that received the tax credit certification,
3 or other approval, of the order of revocation. Upon notification, the Department of Revenue
4 immediately shall proceed to collect:

5 (a) If no portion of a credit has been transferred, those taxes not paid by the holder of
6 the certificate or other approval as a result of the tax credits provided to the holder under
7 the revoked approval, from the holder or a successor in interest to the business interests
8 of the holder. All tax credits provided to the holder and attributable to the fraudulently or
9 mistakenly obtained approval or portion of the approval shall be forfeited.

10 (b) If all of a credit has been transferred, an amount equal to the amount of the tax
11 credits allowable to the transferee under the revoked approval, from the transferor.

12 (c) If a portion of a tax credit has been transferred, those taxes not paid by the
13 transferor as a result of the tax credits provided to the transferor pursuant to the revoked
14 approval, from the transferor or a successor in interest to the business interests of the
15 transferor, and an amount equal to the amount of the tax credits allowable to the transferee
16 pursuant to the revoked approval, from the transferor.

17 (3)(a) The Department of Revenue shall have the benefit of all laws of the state pertain-
18 ing to the collection of income and excise taxes and may proceed to collect the amounts de-
19 scribed in subsection (2) of this section from the person that obtained approval or a
20 successor in interest to the business interests of that person. An assessment of tax is not
21 necessary and the collection of taxes described in this subsection is not precluded by any
22 statute of limitations.

23 (b) For purposes of this subsection, a lender, bankruptcy trustee or other person that
24 acquires an interest through bankruptcy or through foreclosure of a security interest is not
25 considered to be a successor in interest to the business interests of the person that obtained
26 approval.

27 (4) If the approval is ordered revoked pursuant to this section, the holder of the certif-
28 icate or other approval shall be denied any further relief in connection with the credit from
29 and after the date that the order of revocation becomes final.

30 (5) Notwithstanding subsections (1) to (4) of this section, a certificate or portion of a
31 certificate held by a transferee may not be considered revoked for purposes of the
32 transferee, the tax credit allowable to the transferee may not be reduced and a transferee
33 is not liable under this section.

34 (6) Interest under this section shall accrue at the rate established in ORS 305.220 begin-
35 ning the day after the due date of the return on which the credit may first be claimed.

36 **SECTION 10.** The total amount claimed for tax credits for the production or collection
37 of bovine manure under section 7 of this 2017 Act may not exceed \$5 million for all taxpayers
38 for any tax year. If the State Department of Agriculture receives applications for the credit
39 sufficient to exceed this amount, the department shall by rule proportionately reduce the
40 amount of certified credits among all taxpayers applying for the credit.

41 **SECTION 11.** Section 7 of this 2017 Act applies to tax years beginning on or after January
42 1, 2018, and before January 1, 2022.

43
44 **BIOMASS TAX CREDIT**
45

1 (a) If at least 10 miles but fewer than 20 miles, \$3,000.

2 (b) If at least 20 miles but fewer than 50 miles, \$4,000.

3 (c) If 50 or more miles, \$5,000.

4 (3) The credit shall be allowed during the time in which the individual retains such practice and
5 membership if the individual is actively practicing in and is a member of the medical staff of one
6 of the following hospitals:

7 (a) A type A hospital designated as such by the Office of Rural Health;

8 (b) A type B hospital designated as such by the Office of Rural Health if the hospital is:

9 (A) Not within the boundaries of a metropolitan statistical area;

10 (B) Located 30 or more miles from the closest hospital within the major population center in a
11 metropolitan statistical area; or

12 (C) Located in a county with a population of less than 75,000;

13 (c) A type C rural hospital, if the Office of Rural Health makes the findings required by ORS
14 315.619;

15 (d) A rural hospital that was designated a rural referral center by the federal government before
16 January 1, 1989, and that serves a community with a population of at least 14,000 but not more than
17 19,000; or

18 (e) A rural critical access hospital.

19 (4) In order to claim the credit allowed under this section, the individual must remain willing
20 during the tax year to serve patients with Medicare coverage and patients receiving medical as-
21 sistance in at least the same proportion to the individual's total number of patients as the Medicare
22 and medical assistance populations represent of the total number of persons determined by the Of-
23 fice of Rural Health to be in need of care in the county served by the practice, not to exceed 20
24 percent Medicare patients or 15 percent medical assistance patients.

25 (5) A nonresident individual shall be allowed the credit under this section in the proportion
26 provided in ORS 316.117. If a change in the status of a taxpayer from resident to nonresident or from
27 nonresident to resident occurs, the credit allowed by this section shall be determined in a manner
28 consistent with ORS 316.117.

29 (6) For purposes of this section, an "individual's practice" shall be determined on the basis of
30 actual time spent in practice each week in hours or days, whichever is considered by the Office of
31 Rural Health to be more appropriate. In the case of a shareholder of a corporation or a member of
32 a partnership, only the time of the individual shareholder or partner shall be considered and the full
33 amount of the credit shall be allowed to each shareholder or partner who qualifies in an individual
34 capacity.

35 (7) As used in this section:

36 (a) "Qualified metropolitan statistical area" means only those counties of a metropolitan statis-
37 tical area that are located in Oregon if the largest city within the metropolitan statistical area is
38 located in Oregon.

39 (b) "Rural critical access hospital" means a facility that meets the criteria set forth in 42 U.S.C.
40 1395i-4 (c)(2)(B) and that has been designated a critical access hospital by the Office of Rural Health
41 and the Oregon Health Authority.

42 (c) "Type A hospital," "type B hospital" and "type C hospital" have the meaning for those terms
43 provided in ORS 442.470.

44 **SECTION 15. The amendments to ORS 315.613 by section 14 of this 2017 Act apply to tax**
45 **years beginning on or after January 1, 2018.**

USE OF CREDITS AGAINST MINIMUM TAX

SECTION 16. Section 45, chapter 701, Oregon Laws 2015, is amended to read:

Sec. 45. [(1)] The amendments to ORS 317.090 by [section 43 of this 2015 Act] **sections 43 and 44, chapter 701, Oregon Laws 2015**, apply to tax years beginning on or after January 1, 2015[, and before January 1, 2021].

[(2) The amendments to ORS 317.090 by section 44 of this 2015 Act apply to tax years beginning on or after January 1, 2021.]

SECTION 17. ORS 317.090, as amended by section 44, chapter 701, Oregon Laws 2015, is amended to read:

317.090. (1) As used in this section:

(a) "Oregon sales" means:

(A) If the corporation apportions business income under ORS 314.650 to 314.665 for Oregon tax purposes, the total sales of the taxpayer in this state during the tax year, as determined for purposes of ORS 314.665;

(B) If the corporation does not apportion business income for Oregon tax purposes, the total sales in this state that the taxpayer would have had, as determined for purposes of ORS 314.665, if the taxpayer were required to apportion business income for Oregon tax purposes; or

(C) If the corporation apportions business income using a method different from the method prescribed by ORS 314.650 to 314.665, Oregon sales as defined by the Department of Revenue by rule.

(b) If the corporation is an agricultural cooperative that is a cooperative organization described in section 1381 of the Internal Revenue Code, "Oregon sales" does not include sales representing business done with or for members of the agricultural cooperative.

(2) Each corporation or affiliated group of corporations filing a return under ORS 317.710 shall pay annually to the state, for the privilege of carrying on or doing business by it within this state, a minimum tax as follows:

(a) If Oregon sales properly reported on a return are:

(A) Less than \$500,000, the minimum tax is \$150.

(B) \$500,000 or more, but less than \$1 million, the minimum tax is \$500.

(C) \$1 million or more, but less than \$2 million, the minimum tax is \$1,000.

(D) \$2 million or more, but less than \$3 million, the minimum tax is \$1,500.

(E) \$3 million or more, but less than \$5 million, the minimum tax is \$2,000.

(F) \$5 million or more, but less than \$7 million, the minimum tax is \$4,000.

(G) \$7 million or more, but less than \$10 million, the minimum tax is \$7,500.

(H) \$10 million or more, but less than \$25 million, the minimum tax is \$15,000.

(I) \$25 million or more, but less than \$50 million, the minimum tax is \$30,000.

(J) \$50 million or more, but less than \$75 million, the minimum tax is \$50,000.

(K) \$75 million or more, but less than \$100 million, the minimum tax is \$75,000.

(L) \$100 million or more, the minimum tax is \$100,000.

(b) If a corporation is an S corporation, the minimum tax is \$150.

(3) The minimum tax is not apportionable (except in the case of a change of accounting periods), [and] is payable in full for any part of the year during which a corporation is subject to tax **and may not be reduced, paid or otherwise satisfied through the use of any tax credit.**

EMPLOYEE TRAINING TAX CREDIT

SECTION 18. Section 19 of this 2017 Act is added to and made a part of ORS chapter 315.

SECTION 19. (1) As used in this section, “qualifying county” means a county with a population greater than 60,000 but less than 80,000 that:

(a) Is located entirely outside of the Portland Metropolitan Area Regional Urban Growth Boundary and the acknowledged urban growth boundary of cities with populations of 30,000 or more;

(b) Has an annual economic development budget of \$500,000 or greater;

(c) Has an unemployment rate at least 1.5 percentage points greater than the comparable unemployment rate for the state;

(d) Is party to an agreement with an institute of higher education to coordinate efforts to promote enterprise throughout the county;

(e) Is the site of a base or installation of the Armed Forces of the United States that employs at least 750 civilian and military personnel; and

(f) Has access to Internet service with the minimum connection speed required to effectively conduct electronic commerce.

(2) A credit against taxes that are otherwise due under ORS chapter 316 or, if the taxpayer is a corporation, under ORS chapter 317 or 318, is allowed to a taxpayer who is located in a qualifying county and who establishes and implements an employee training program in collaboration with a local community college operated under ORS chapter 341.

(3) The credit allowed under this section shall be equal to 12 percent of the taxpayer’s expenses to establish and implement the employee training program described in subsection (2) of this section.

(4) For each tax year for which a credit is claimed under this section, the taxpayer shall maintain records sufficient to prove the taxpayer’s eligibility for the credit allowed under this section. A taxpayer shall maintain the records required under this subsection for at least five years.

(5) The credit allowed under this section may not exceed the tax liability of the taxpayer for the tax year.

(6) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a particular tax year may be carried forward and offset against the taxpayer’s tax liability for the next succeeding tax year. Any credit remaining unused in the next succeeding tax year may be carried forward and used in the second succeeding tax year, and likewise any credit not used in that second succeeding tax year may be carried forward and used in the third succeeding tax year, but may not be carried forward for any tax year thereafter.

(7) A nonresident taxpayer shall be allowed the credit under this section. The credit shall be computed in the same manner and be subject to the same limitations as the credit granted to a resident taxpayer. However, the credit shall be prorated using the proportion provided in ORS 316.117.

(8) If a change in the taxable year of the taxpayer occurs as described in ORS 314.085, or if the Department of Revenue terminates the taxpayer’s taxable year under ORS 314.440, the credit allowed by this section shall be prorated or computed in a manner consistent with ORS 314.085.

(9) If a change in the status of a taxpayer from resident to nonresident or from nonres-

1 **ident to resident occurs, the credit allowed by this section shall be determined in a manner**
2 **consistent with ORS 316.117.**

3 **(10) Spouses in a marriage who file separate returns for a taxable year may each claim**
4 **a share of the tax credit that would have been allowed on a joint return in proportion to the**
5 **adjusted gross income of each.**

6 **SECTION 20. Section 19 of this 2017 Act applies to tax years beginning on or after Jan-**
7 **uary 1, 2017.**

8
9 **BUSINESS TAX CREDITS**

10
11 **SECTION 21. ORS 314.752 is amended to read:**

12 314.752. (1) Except as provided in ORS 314.740 (5)(b), the tax credits allowed or allowable to a
13 C corporation for purposes of ORS chapter 317 or 318 shall not be allowed to an S corporation. The
14 business tax credits allowed or allowable for purposes of ORS chapter 316 shall be allowed or are
15 allowable to the shareholders of the S corporation.

16 (2) In determining the tax imposed under ORS chapter 316, as provided under ORS 314.734, on
17 income of the shareholder of an S corporation, there shall be taken into account the shareholder's
18 pro rata share of business tax credit (or item thereof) that would be allowed to the corporation (but
19 for subsection (1) of this section) or recapture or recovery thereof. The credit (or item thereof), re-
20 capture or recovery shall be passed through to shareholders in pro rata shares as determined in the
21 manner prescribed under section 1377(a) of the Internal Revenue Code.

22 (3) The character of any item included in a shareholder's pro rata share under subsection (2)
23 of this section shall be determined as if such item were realized directly from the source from which
24 realized by the corporation, or incurred in the same manner as incurred by the corporation.

25 (4) If the shareholder is a nonresident and there is a requirement applicable for the business tax
26 credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS
27 316.117, then that provision shall apply to the nonresident shareholder.

28 (5) As used in this section, "business tax credit" means a tax credit granted to personal income
29 taxpayers to encourage certain investment, to create employment, economic opportunity or incentive
30 or for charitable, educational, scientific, literary or public purposes that is listed under this sub-
31 section as a business tax credit or is designated as a business tax credit by law or by the Depart-
32 ment of Revenue by rule and includes but is not limited to the following credits: ORS 285C.309
33 (tribal taxes on reservation enterprise zones and reservation partnership zones), ORS 315.104 (fore-
34 station and reforestation), ORS 315.138 (fish screening, by-pass devices, fishways), ORS 315.141
35 (biomass production for biofuel), ORS 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture
36 workforce housing), ORS 315.204 (dependent care assistance), ORS 315.208 (dependent care facili-
37 ties), ORS 315.213 (contributions for child care), ORS 315.304 (pollution control facility), ORS 315.326
38 (renewable energy development contributions), ORS 315.331 (energy conservation projects), ORS
39 315.336 (transportation projects), ORS 315.341 (renewable energy resource equipment manufacturing
40 facilities), ORS 315.354 and 469B.151 (energy conservation facilities), ORS 315.507 (electronic com-
41 merce) and ORS 315.533 (low income community jobs initiative) **and section 7 of this 2017 Act**
42 **(bovine manure) and section 19 of this 2017 Act (employee training programs).**

43 **SECTION 22. ORS 318.031 is amended to read:**

44 318.031. It being the intention of the Legislative Assembly that this chapter and ORS chapter
45 317 shall be administered as uniformly as possible (allowance being made for the difference in im-

1 position of the taxes), ORS 305.140 and 305.150, ORS chapter 314 and the following sections are in-
2 corporated into and made a part of this chapter: ORS 285C.309, 315.104, 315.141, 315.156, 315.204,
3 315.208, 315.213, 315.304, 315.326, 315.331, 315.336, 315.507 and 315.533 **and sections 7 and 19 of this**
4 **2017 Act** (all only to the extent applicable to a corporation) and ORS chapter 317.

5
6 **ENTERPRISE ZONES**
7

8 **SECTION 23.** ORS 285C.160 is amended to read:

9 285C.160. (1) An eligible business firm seeking authorization under ORS 285C.140 and the spon-
10 sor of the enterprise zone in which the firm intends to invest may enter into a written agreement
11 to extend the period during which the qualified property is exempt from taxation under ORS
12 285C.175 if the firm complies with the terms of the agreement.

13 (2) The period for which the qualified property is to continue to be exempt must be set forth in
14 the agreement and may not exceed two additional tax years.

15 (3) In order for an agreement under this section to extend the period of exemption, the agree-
16 ment must be executed on or before the date on which the firm is authorized, and:

17 (a) If the enterprise zone is a rural enterprise zone or an urban enterprise zone located inside
18 a metropolitan statistical area of fewer than 400,000 residents, the agreement must require that the
19 firm [*meet both of the following*]:

20 (A)(i) Annually compensate all new employees hired by the firm at an average rate of [*not less*
21 *than*] **at least** 150 percent of the county average annual wage for each assessment year during the
22 tax exemption period, as determined at the time of authorization[.]; **or**

23 **(ii) If the enterprise zone is located in a qualified rural county, annually compensate all**
24 **new employees hired by the firm at an average rate of at least 130 percent of the county**
25 **average annual wage for each assessment year during the tax exemption period, as deter-**
26 **mined at the time of authorization; and**

27 (B) **Meet** any additional requirement that the sponsor may reasonably request.

28 **(b) Notwithstanding paragraph (a)(A) of this subsection, the average wage received by the**
29 **newly hired employees must equal or exceed 100 percent of the average wage in the county.**

30 [*(b)*] (c) If the enterprise zone is an urban enterprise zone located inside a metropolitan statis-
31 tical area of 400,000 residents or more, the agreement must require that the firm meet any additional
32 requirement the sponsor may reasonably require.

33 (4) If a firm enters into an agreement under this section that includes a compensation require-
34 ment under subsection (3)(a)(A) of this section and the firm subsequently submits one or more
35 statements of continued intent under ORS 285C.165, notwithstanding the terms of the agreement
36 made under this section, for each statement of continued intent submitted, the county average an-
37 nual wage under subsection (3)(a)(A) of this section shall be adjusted to a level that is current with
38 the statement.

39 **SECTION 24.** ORS 285C.050 is amended to read:

40 285C.050. As used in ORS 285C.050 to 285C.250, unless the context requires otherwise:

41 (1) "Assessment date" and "assessment year" have the meanings given those terms in ORS
42 308.007.

43 (2) "Authorized business firm" means an eligible business firm that has been authorized under
44 ORS 285C.140.

45 (3) "Business firm" means a person operating or conducting one or more trades or businesses,

1 a people’s utility district organized under ORS chapter 261 or a joint operating agency formed under
2 ORS chapter 262, but does not include any other governmental agency, municipal corporation or
3 nonprofit corporation.

4 (4) “County average annual wage” means:

5 (a) The most recently available average annual covered payroll for the county in which the en-
6 terprise zone is located, as determined by the Employment Department; or

7 (b) If the enterprise zone is located in more than one county, the highest county average annual
8 wage as determined under paragraph (a) of this subsection.

9 (5) “Electronic commerce” means engaging in commercial or retail transactions predominantly
10 over the Internet or a computer network, utilizing the Internet as a platform for transacting busi-
11 ness, or facilitating the use of the Internet by other persons for business transactions, and may be
12 further defined by the Oregon Business Development Department by rule.

13 (6) “Eligible business firm” means a firm engaged in an activity described under ORS 285C.135
14 that may file an application for authorization under ORS 285C.140.

15 (7) “Employee” means a person who works more than 32 hours per week, but does not include
16 a person with a temporary or seasonal job or a person hired solely to construct qualified property.

17 (8) “Enterprise zone” means one of the 30 areas designated or terminated and redesignated by
18 order of the Governor under ORS 284.160 (1987 Replacement Part) before October 3, 1989, one of the
19 areas designated by the Director of the Oregon Business Development Department under ORS
20 285C.080 before October 5, 2015, an area designated under ORS 285C.065, a federal enterprise zone
21 area designated under ORS 285C.085, an area designated under ORS 285C.250 or a reservation en-
22 terprise zone designated, or a reservation partnership zone cosponsored, under ORS 285C.306.

23 (9) “Federal enterprise zone” means any discrete area wholly or partially within this state that
24 is designated as an empowerment zone, an enterprise community, a renewal community or some
25 similar designation for purposes of improving the economic and community development of the area.

26 (10) “First-source hiring agreement” means an agreement between an authorized business firm
27 and a publicly funded job training provider whereby the provider refers qualified candidates to the
28 firm for new jobs and job openings in the firm.

29 (11) “In service” means being used or occupied or fully ready for use or occupancy for com-
30 mercial purposes consistent with the intended operations of the business firm as described in the
31 application for authorization.

32 (12) “Modification” means modernization, renovation or remodeling of an existing building,
33 structure or real property machinery or equipment.

34 (13) “New employees hired by the firm”:

35 (a) Includes only those employees of an authorized business firm engaged for a majority of their
36 time in eligible operations.

37 (b) Does not include individuals employed in a job or position that:

38 (A) Is created and first filled after December 31 of the first tax year in which qualified property
39 of the firm is exempt under ORS 285C.175;

40 (B) Existed prior to the submission of the relevant application for authorization; or

41 (C) Is performed primarily at a location outside of the enterprise zone.

42 (14) “Publicly funded job training provider” includes but is not limited to a community college,
43 a service provider under the federal Workforce Investment Act Title I-B (29 U.S.C. 2801 et seq.), or
44 a similar program.

45 (15) “Qualified business firm” means a business firm described in ORS 285C.200, the qualified

1 property of which is exempt from property tax under ORS 285C.175.

2 (16) "Qualified property" means property described under ORS 285C.180.

3 (17) "Qualified rural county" means a county:

4 (a) That is outside all metropolitan statistical areas, as defined by the most recent fed-
5 eral decennial census; and

6 (b) In which, on the most recently certified property tax assessment roll, the total
7 property taxes imposed by all taxing districts within the county are equal to or greater than
8 1.3 percent of the total assessed value of all taxable property located in the county.

9 [(17)] (18) "Rural enterprise zone" means:

10 (a) An enterprise zone located in an area of this state in which an urban enterprise zone could
11 not be located; or

12 (b) A reservation enterprise zone designated, or a reservation partnership zone cosponsored,
13 under ORS 285C.306.

14 [(18)] (19) "Sparsely populated county" means a county with a density of 100 or fewer persons
15 per square mile, based on the most recently available population figure for the county from the
16 Portland State University Population Research Center.

17 [(19)] (20) "Sponsor" means:

18 (a) The city, county or port, or any combination of cities, counties or ports, that received ap-
19 proval of an enterprise zone under ORS 284.150 and 284.160 (1987 Replacement Part), under ORS
20 285C.080 before October 5, 2015, or under ORS 285C.085 or 285C.250 or that designated an enterprise
21 zone under ORS 285C.065 or 285C.250;

22 (b) The tribal government, in the case of a reservation enterprise zone;

23 (c) The tribal government and the cosponsoring city, county or port, in the case of a reservation
24 partnership zone; or

25 (d) A city, county or port that joined the enterprise zone through a boundary change under ORS
26 285C.115 (6) or a port that joined the enterprise zone under ORS 285C.068.

27 [(20)] (21) "Tax year" has the meaning given that term in ORS 308.007.

28 [(21)] (22) "Urban enterprise zone" means an enterprise zone in a metropolitan statistical area,
29 as defined by the most recent federal decennial census, that is located inside a regional or metro-
30 politan urban growth boundary.

31 [(22)] (23) "Year" has the meaning given that term in ORS 308.007.

32 **SECTION 25. The amendments to ORS 285C.050 and 285C.160 by sections 23 and 24 of this**
33 **2017 Act apply to agreements executed on or after the effective date of this 2017 Act.**

34 **SECTION 26.** ORS 285C.412 is amended to read:

35 285C.412. In order for a facility of a business firm to continue to be exempt from ad valorem
36 property taxation under ORS 285C.409 for a tax year following the first assessment date on which
37 the facility is in service, all of the conditions of any one of the alternative subsections in this sec-
38 tion must be met:

39 (1) In order for the exemption under ORS 285C.409 (1)(c) to be allowable pursuant to this sub-
40 section:

41 (a) By the end of the calendar year in which the facility is placed in service, the total cost of
42 the facility exceeds the lesser of \$25 million or one percent of the real market value of all nonex-
43 empt taxable property in the county in which the facility is located, as determined for the assess-
44 ment year in which the business firm is certified (and rounded to the nearest \$10 million of such
45 value);

1 (b) The business firm hires or will hire at least 75 full-time employees at the facility by the end
2 of the fifth calendar year following the year in which the facility is placed in service; and

3 (c) The annual average compensation for employees, based on payroll, at the business firm's fa-
4 cility [*is*] **must be** at least 150 percent of the average wage in the county in which the facility is
5 located, **or, if the facility is located in a qualified rural county, determined as of the date on**
6 **which the written agreement between the zone sponsor and the business firm was executed,**
7 **the annual average compensation must be at least 130 percent of the average wage in the**
8 **county in which the facility is located.** This requirement may be initially met in any year during
9 the first five years after the year in which [*operation of the facility begins*] **the facility is placed in**
10 **service,** and thereafter is met if:

11 (A) The annual average compensation at the facility for the year **equals or exceeds 150 percent**
12 **of the average wage in the county for the year in which the requirement is initially met[.] or, for**
13 **a facility located in a qualified rural county, determined as of the date on which the written**
14 **agreement between the zone sponsor and the business firm was executed, the annual average**
15 **compensation at the facility for the year equals or exceeds 130 percent of the average wage**
16 **in the county for the year in which the requirement is initially met; and**

17 (B) **The average wage at the facility equals or exceeds 100 percent of the average wage**
18 **in the county.**

19 (2) In order for the exemption under ORS 285C.409 (1)(c) to be allowable pursuant to this sub-
20 section:

21 (a) The facility meets the total cost requirements set forth in subsection (1)(a) of this section;

22 (b) The business firm meets the annual average compensation requirements set forth in sub-
23 section (1)(c) of this section; and

24 (c)(A) The business firm hires or will hire at least 10 full-time employees at the facility by the
25 end of the third calendar year following the year in which the facility is placed in service, and at
26 the time that the business firm is certified, the location of the facility is in a county with a popu-
27 lation of 10,000 or fewer; or

28 (B) The business firm hires or will hire at least 35 full-time employees at the facility by the end
29 of the third calendar year following the year in which the facility is placed in service, and at the
30 time that the business firm is certified, the location of the facility is in a county with a population
31 of 40,000 or fewer.

32 (3) In order for the exemption under ORS 285C.409 (1)(c) to be allowable pursuant to this sub-
33 section:

34 (a) By the end of the calendar year in which the facility is placed in service, the total cost of
35 the facility exceeds the lesser of \$12.5 million or one-half of one percent of the real market value
36 of all nonexempt taxable property in the county in which the facility is located, as determined for
37 the assessment year in which the business firm is certified (and rounded to the nearest \$10 million
38 of such value);

39 (b) At the time that the business firm is certified, the location of the facility is 10 or more miles
40 from Interstate Highway 5, as measured between the two closest points between the facility site and
41 anywhere along that interstate highway;

42 (c) The business firm meets the annual average compensation requirements set forth in sub-
43 section (1)(c) of this section; and

44 (d)(A) The business firm hires or will hire at least 50 full-time employees at the facility by the
45 end of the third calendar year following the year in which the facility is placed in service; or

1 (B) The business firm satisfies the requirements of subsection (2)(c)(A) or (B) of this section.

2 (4) In order for the exemption under ORS 285C.409 (1)(c) to be allowable pursuant to this sub-
3 section:

4 (a) Within three years either before or after the property tax year in which the facility is placed
5 in service, the business firm places one or more other facilities in the same or another enterprise
6 zone for which the business firm is certified and otherwise meets the requirements of ORS 285C.400
7 to 285C.420;

8 (b) The total cost of all facilities of the business firm exceeds \$25 million by the end of the
9 calendar year in which the last such facility is placed in service;

10 (c) The business firm meets the annual average compensation requirements set forth in sub-
11 section (1)(c) of this section independently for each facility of the firm; and

12 (d) The business firm hires or will hire a total of at least 100 full-time employees at all of the
13 firm's facilities by the end of the fifth calendar year following the year in which the first such fa-
14 cility is placed in service.

15 (5) In order for the exemption under ORS 285C.409 (1)(c) to be allowable pursuant to this sub-
16 section:

17 (a) By the end of the calendar year in which the facility is placed in service, the total cost of
18 the facility exceeds \$200 million;

19 (b) At the time that the business firm is certified, the location of the facility meets the siting
20 requirements of subsection (3)(b) of this section;

21 (c) The business firm hires or will hire at least 10 full-time employees at the facility by the end
22 of the third calendar year following the year in which the facility is placed in service; and

23 (d) The business firm meets the annual average compensation requirements set forth in sub-
24 section (1)(c) of this section.

25 **SECTION 27.** ORS 285C.400 is amended to read:

26 285C.400. As used in ORS 285C.400 to 285C.420:

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

28 (2) "Certified business firm" means a business firm that has been certified under ORS 285C.403.

29 (3) "County with chronically low income or chronic unemployment" means, based on the most
30 recently revised annual average unemployment rate or annual per capita income levels available, a
31 county in which:

32 (a) The median ratio of the per capita personal income of the county to the equivalent annual
33 personal income figure of the entire United States for each year, as reported by the Bureau of
34 Economic Analysis of the United States Department of Commerce, is equal to or less than 0.75 over
35 the last 10 years;

36 (b) The median ratio of the unemployment rate of the county to the equivalent rate of the entire
37 United States for each year is at least 1.3 over the last 20 years or over the last 10 years; or

38 (c) The population of the county has experienced a negative net migration, irrespective of nat-
39 tural population change, since the most recent federal decennial census occurring three or more
40 years prior to the current estimated population figure for the county, based on available population
41 statistics.

42 (4) "Facility" means the land, real property improvements and personal property that are used:

43 (a) At a location in a rural enterprise zone that is identified in the application for certification
44 under ORS 285C.403; and

45 (b) In those business operations of the business firm that are the subject of the application for

1 certification under ORS 285C.403.

2 (5) **“Qualified rural county” means a county:**

3 (a) **That is outside all metropolitan statistical areas, as defined by the most recent fed-**
4 **eral decennial census; and**

5 (b) **In which, on the most recently certified property tax assessment roll, the total**
6 **property taxes imposed by all taxing districts within the county are equal to or greater than**
7 **1.3 percent of the total assessed value of all taxable property located in the county.**

8 [(5)] (6) **“Rural enterprise zone” has the meaning given that term in ORS 285C.050.**

9 **SECTION 28. The amendments to ORS 285C.400 and 285C.412 by sections 26 and 27 of this**
10 **2017 Act apply to exemptions initially allowed under ORS 285C.409 (1)(c) on or after the ef-**
11 **fective date of this 2017 Act.**

12 **SECTION 29.** ORS 285C.503 is amended to read:

13 285C.503. (1) A business firm seeking the income and corporate excise tax exemption allowed
14 under ORS 316.778 or 317.391 shall, before the commencement of construction, reconstruction, mod-
15 ification or installation of property or improvements at the location for which the exemption is
16 sought and before the hiring of any employees at that location, apply to the Oregon Business De-
17 velopment Department for preliminary certification under this section.

18 (2) The application shall be on a form prescribed by the department and shall contain the fol-
19 lowing information:

20 (a) The proposed location of the facility;

21 (b) A description of the property to be constructed, reconstructed, modified, acquired, installed
22 or leased and that is to comprise the facility when the business firm commences business operations
23 at the facility;

24 (c) If any property described in paragraph (b) of this subsection is to be leased, the term of the
25 lease;

26 (d) The number of full-time, year-round employees the business firm intends to hire;

27 (e) The minimum annual average compensation intended to be given to the employees described
28 in paragraph (d) of this subsection;

29 (f) A description of any other business activities of the firm in this state at the time of appli-
30 cation, sufficient for the department to be able to determine if the proposed facility will constitute
31 a new business in this state; and

32 (g) Any other information that the department requires.

33 (3) An application filed under this section must be accompanied by a fee in an amount prescribed
34 by the Oregon Business Development Department by rule. The fee required by the department may
35 not exceed \$500.

36 (4)(a) When an application is filed under this section, the department shall send copies of the
37 application to the governing bodies of the city and county in which the facility is proposed to be
38 located. If the facility is to be located within a port, the department shall also send a copy of the
39 application to the governing body of the port.

40 (b) The governing body of a city, port or county described in paragraph (a) of this subsection
41 may object to the preliminary certification of a business firm if the firm would be:

42 (A) In competition with an existing business employing individuals within the city, port or
43 county; or

44 (B) Incompatible with economic growth or development standards that the city, port or county
45 had adopted prior to the date of application for preliminary certification.

1 (c) If the governing body of the city, port or county decides to object to preliminary certification
2 of the firm, the governing body shall adopt a resolution stating its objection and the reason for its
3 objection.

4 (d) The governing body of a city, port or county has 60 days from the date the application is sent
5 to the city, port or county to object to preliminary certification. If the objection is not made within
6 the 60-day period, the city, port or county shall be deemed to have agreed to preliminary certifica-
7 tion.

8 (5) When an application is filed under this section, the department shall review the application
9 and determine whether all of the following requirements are met:

10 (a) The proposed facility is to be located at a qualified location.

11 (b) The proposed facility is intended to operate as a facility for at least 10 years following the
12 date the facility becomes operational.

13 (c) The business firm intends to hire at least five employees for full-time, year-round employ-
14 ment.

15 (d)(A) The newly hired employees described in paragraph (c) of this subsection are to receive
16 a minimum annual compensation of:

17 [(A)] (i) 150 percent of the county per capita personal income of the county in which the facility
18 is to be located **determined** as of the date of the application for preliminary certification; [or]

19 [(B)] (ii) 100 percent of the county per capita personal income of the county in which the facility
20 is to be located **determined** as of the date of the application for preliminary certification and the
21 business firm will provide health insurance coverage to the employees at the facility who are de-
22 scribed in paragraph (c) of this subsection that equals or exceeds the health insurance benefits
23 provided to employees of the city, port or county in which the facility is to be located[.]; **or**

24 **(iii) If the facility is to be located in a county that is outside all metropolitan statistical**
25 **areas, as defined by the most recent federal decennial census, 130 percent of the county per**
26 **capita personal income of the county in which the facility is to be located determined as of**
27 **the date of the application for preliminary certification.**

28 **(B) Notwithstanding subparagraph (A) of this paragraph, the average wage received by**
29 **the newly hired employees must equal or exceed 100 percent of the average wage in the**
30 **county.**

31 (e) The business operations of the business firm that are to be conducted at the facility consti-
32 tute a new business that the firm does not operate at another location in this state.

33 (f) The business operations of the business firm will not compete with existing businesses in the
34 city or county in which the facility is to be located.

35 (6) If the department determines that the proposed facility, if completed as described in the ap-
36 plication, meets the criteria set forth in subsection (5) of this section and the governing body of the
37 city, port or county does not object under subsection (4) of this section to preliminary certification
38 of the firm, the department shall issue a preliminary certification to the firm.

39 (7) If the department determines that the proposed facility, as set forth in the application, does
40 not meet the requirements for preliminary certification under this section, the department may not
41 issue a preliminary certification. The applicant may appeal the decision to not issue a preliminary
42 certification in the manner of a contested case under ORS chapter 183. No appeal may be made if
43 the reason for not issuing a preliminary certification is the objection of the governing body of the
44 city, port or county under subsection (4) of this section.

45 **SECTION 30. The amendments to ORS 285C.503 by section 29 of this 2017 Act apply to**

1 **applications filed under ORS 285C.503 on or after the effective date of this 2017 Act.**

2 **SECTION 31.** ORS 285B.600 is amended to read:

3 285B.600. As used in ORS 285B.600 to 285B.620:

4 (1) "Certified employer" means an eligible employer certified under ORS 285B.605.

5 (2) "Compensation" has the meaning given that term in ORS 314.610.

6 (3) "Eligible employee" means a new full-time employee *[whose compensation averages at least*
7 *150 percent of the county or state average in annual per employee compensation, whichever is less,]*
8 who is **paid qualifying compensation and is** hired by a certified employer after the employer is
9 certified under ORS 285B.605.

10 (4) "Eligible employer" means an employer that, in the month in which the employer submits
11 an application under ORS 285B.608:

12 (a) Has at least 150 employees;

13 (b) Plans to hire at least 50 *[new full-time]* **eligible** employees in this state *[whose compensation*
14 *will average at least 150 percent of the county or state average in annual per employee compensation,*
15 *whichever is less];*

16 (c) Operates in an industry in the traded sector, as that term is defined in ORS 285A.010; and

17 (d) Is not a retailer, as that term is defined in ORS 72.8010.

18 (5) "Estimated incremental Oregon Business Retention and Expansion Program tax revenues"
19 means the Oregon personal income tax revenues that are estimated pursuant to ORS 285B.618 to
20 be substantially equivalent to the amount of tax that eligible employees of an eligible employer will
21 be required to pay under ORS chapter 316 as a result of **qualifying** compensation paid to the eligible
22 employees by the eligible employer in the two consecutive tax years beginning with the tax year
23 following the tax year in which the employer receives certification under ORS 285B.605.

24 (6) "**Qualifying compensation**" means:

25 (a) **Compensation that averages at least 150 percent of the lesser of the county or state**
26 **average annual per employee compensation; or**

27 (b) **If the employees are to be hired in a county that is outside all metropolitan statistical**
28 **areas, as defined by the most recent federal decennial census, compensation that averages**
29 **at least 130 percent of the lesser of the county or state average annual per employee com-**
30 **ensation.**

31 **SECTION 32.** The amendments to ORS 285B.600 by section 31 of this 2017 Act apply to
32 applications for certification submitted under ORS 285B.608 on or after the effective date of
33 this 2017 Act.

34 **SECTION 33.** ORS 285C.403 is amended to read:

35 285C.403. (1) Any business firm proposing to apply for the tax exemption provided under ORS
36 285C.409 shall, before the commencement of construction or installation of property or improvements
37 at a location in a rural enterprise zone and before the hiring of employees, apply for certification
38 with the sponsor of the zone and with the county assessor of the county or counties in which the
39 zone is located. The application shall be made on a form prescribed by the Department of Revenue.

40 (2) The application shall contain the following information:

41 (a) A description of the firm's proposed business operations and facility in the rural enterprise
42 zone;

43 (b) A description and estimated cost or value of the property or improvements to be constructed
44 or installed at the facility;

45 (c) An estimate of the number of employees at the facility that will be hired by the firm;

1 (d) A commitment to meet the applicable requirements of ORS 285C.412;

2 (e) A commitment to satisfy all additional conditions agreed to pursuant to the written agree-
3 ment between the rural enterprise zone sponsor and the business firm under subsection (3)(c) of this
4 section; and

5 (f) Any other information considered necessary by the Department of Revenue.

6 (3) The sponsor and the county assessor shall certify the business firm by approving the appli-
7 cation if the sponsor and the county assessor determine that all of the following requirements have
8 been met:

9 (a) The governing body of the county and city in which the facility is located has adopted a
10 resolution approving the property tax exemption for the facility.

11 (b) The business firm has committed to meet the applicable requirements of ORS 285C.412.

12 (c) The business firm has entered into a written agreement with the sponsor of the rural enter-
13 prise zone that may include any additional requirements that the sponsor may reasonably request,
14 including but not limited to contributions for local services or infrastructure benefiting the facility.
15 The written agreement shall state the number of consecutive tax years for which the facility, fol-
16 lowing commencement of operations, is to be exempt from property tax under ORS 285C.409. The
17 agreement may not provide for a period of exemption that is less than seven consecutive tax years
18 or more than 15 consecutive tax years. If the agreement is silent on the number of tax years for
19 which the facility is to be exempt following placement in service, the exemption shall be for seven
20 consecutive tax years.

21 (d) **When the written agreement required under paragraph (c) of this subsection is exe-**
22 **cuted,** the facility is located in:

23 (A) A **qualified rural** county; or

24 (B) A **county** with chronically low income or chronic unemployment, based on the most recently
25 revised annual data available [*when the written agreement with the zone sponsor is executed*].

26 (4) The approval of an application by both the sponsor and the county assessor under subsection
27 (3) of this section shall be prima facie evidence that the business firm will qualify for the property
28 tax exemption under ORS 285C.409.

29 (5) The sponsor and the county assessor shall provide copies of an approved application to the
30 applicant, the Department of Revenue and the Oregon Business Development Department.

31 (6) If the sponsor or the county assessor fails or refuses to certify the business firm, the business
32 firm may appeal to the Oregon Tax Court under ORS 305.404 to 305.560. The business firm shall
33 provide copies of the firm's appeal to the sponsor, the county assessor, the Oregon Business Devel-
34 opment Department and the Department of Revenue.

35
36 **FISH SCREENING CREDIT**

37
38 **SECTION 34.** Section 11, chapter 913, Oregon Laws 2009, as amended by section 18a, chapter
39 730, Oregon Laws 2011, is amended to read:

40 **Sec. 11.** The State Department of Fish and Wildlife may not issue a preliminary certificate of
41 approval under ORS 315.138 after January 1, [2018] **2024**.

42
43 **UNIT CAPTIONS**

44
45 **SECTION 35.** The unit captions used in this 2017 Act are provided only for the conven-

1 ience of the reader and do not become part of the statutory law of this state or express any
2 legislative intent in the enactment of this 2017 Act.

3

4

EFFECTIVE DATE

5

6 **SECTION 36.** This 2017 Act takes effect on the 91st day after the date on which the 2017
7 regular session of the Seventy-ninth Legislative Assembly adjourns sine die.

8
