

House Bill 2470

Sponsored by Representative HOLVEY (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires urban renewal agency to exercise its powers by board including one member representing each taxing district other than municipality with jurisdiction in municipality that activates agency.

Requires approval of urban renewal plan by all municipalities and taxing districts with jurisdiction in urban renewal areas included in plan before municipality may approve plan.

Provides that certain tax abatement programs apply only to property taxes imposed by taxing districts that elect for them to apply.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to taxing districts; creating new provisions; amending ORS 285C.130, 285C.170, 285C.175,
3 285C.180, 285C.190, 285C.362, 285C.409, 307.123, 307.519, 307.543, 307.603, 307.606, 307.609,
4 307.618, 307.657, 307.671, 308.456, 457.010, 457.035, 457.045, 457.085, 457.095 and 457.125; repealing
5 ORS 457.105; and prescribing an effective date.

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

7 **SECTION 1.** ORS 457.035 is amended to read:

8 457.035. (1) In each municipality, as defined in ORS 457.010, there [*hereby*] is created a public
9 body corporate and politic to be known as the "urban renewal agency" of the municipality.

10 (2) [*However, the*] **An** urban renewal agency [*shall*] **created under this section may not exer-**
11 **cise its powers until [*or unless*] the governing body of the municipality[,]** **activates the urban re-**
12 **newal agency** by nonemergency ordinance[.]:

13 (a) [*Declares*] **Declaring** that blighted areas exist in the municipality and that there is need for
14 an urban renewal agency to function in the municipality; and

15 (b) [*elects to have the powers of an urban renewal agency exercised in any of the three ways*]

16 **Appointing a board as** provided in ORS 457.045.

17 [(2)] (3) An urban renewal agency, upon activation under subsection [(1)] (2) of this section, shall
18 have authority to exercise its powers within the same area of operation given a housing authority
19 of the municipality under ORS 456.060.

20 **SECTION 2.** ORS 457.045 is amended to read:

21 457.045. The governing body of a municipality shall, in the ordinance adopted under ORS
22 457.035, [*elect to have the powers of an urban renewal agency under this chapter exercised in one of*
23 *the following ways:*]

24 [(1)] *By a housing authority of the municipality established pursuant to the Housing Authorities*
25 *Law in which case the name of the body corporate and politic shall be the "housing authority and ur-*
26 *ban renewal agency" of the municipality.]*

27 [(2)] *By appointing a board or commission composed of not less than three members.]*

28 [(3)] *By the governing body, itself, provided, however, that any act of the governing body acting as*

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 *the urban renewal agency shall be, and shall be considered, the act of the urban renewal agency only*
 2 *and not of the governing body]* **appoint a board to exercise the powers of the urban renewal**
 3 **agency. In addition to such members as the municipality deems appropriate, the board must**
 4 **include one member representing each taxing district other than the municipality with ju-**
 5 **risdiction in the municipality.**

6 **SECTION 3.** ORS 457.085 is amended to read:

7 457.085. (1) An urban renewal agency shall provide for public involvement in all stages in the
 8 development of an urban renewal plan.

9 (2) An urban renewal plan proposed by an urban renewal agency [*shall*] **must** include all of the
 10 following:

11 (a) A description of each urban renewal project to be undertaken.

12 (b) An outline for the development, redevelopment, improvements, land acquisition, demolition
 13 and removal of structures, clearance, rehabilitation or conservation of the urban renewal areas of
 14 the plan.

15 (c) A map and legal description of the urban renewal areas of the plan.

16 (d) An explanation of [*its*] **the plan's** relationship to definite local objectives regarding appro-
 17 priate land uses and improved traffic, public transportation, public utilities, telecommunications
 18 utilities, recreational and community facilities and other public improvements.

19 (e) An indication of proposed land uses, maximum densities and building requirements for each
 20 urban renewal area.

21 (f) A description of the methods to be used for the temporary or permanent relocation of persons
 22 living in, and businesses situated in, the urban renewal [*area*] **areas** of the plan.

23 (g) An indication of which real property may be acquired and the anticipated disposition of
 24 [*said*] **the** real property, whether by retention, resale, lease or other legal use, together with an
 25 estimated time schedule for such acquisition and disposition.

26 (h) If the plan provides for a division of ad valorem taxes under ORS 457.420 to 457.460, the
 27 maximum amount of indebtedness that can be issued or incurred under the plan.

28 (i) A description of [*what*] **the** types of possible future amendments to the plan **that** are sub-
 29 stantial amendments [*and require*] **requiring** the same notice, hearing and approval procedure re-
 30 quired of the original plan under ORS 457.095 as provided in ORS 457.220, including but not limited
 31 to amendments:

32 (A) Adding land to [*the*] **an** urban renewal area, except for an addition of land that totals not
 33 more than one percent of the existing area of the urban renewal area.

34 (B) Increasing the maximum amount of indebtedness that can be issued or incurred under the
 35 plan.

36 (j) For a project [*which*] **that** includes a public building, an explanation of how the building
 37 serves or benefits the urban renewal area.

38 (3) An urban renewal plan [*shall*] **must** be accompanied by a report [*which shall contain*] **con-**
 39 **taining:**

40 (a) A description of physical, social and economic conditions in the urban renewal areas of the
 41 plan and the expected impact, including the fiscal impact, of the plan in light of added services or
 42 increased population;

43 (b) Reasons for selection of each urban renewal area in the plan;

44 (c) The relationship between each project to be undertaken under the plan and the existing
 45 conditions in the urban renewal area;

- 1 (d) The estimated total cost of each project and the sources of moneys to pay such costs;
- 2 (e) The anticipated completion date for each project;
- 3 (f) The estimated amount of money required in each urban renewal area under ORS 457.420 to
- 4 457.460 and the anticipated year in which indebtedness will be retired or otherwise provided for
- 5 under ORS 457.420 to 457.460;
- 6 (g) A financial analysis of the plan with sufficient information to determine feasibility;
- 7 (h) A fiscal impact statement that estimates the impact of the tax increment financing, both until
- 8 and after the indebtedness is repaid, upon all entities levying taxes upon property in *[the]* an urban
- 9 renewal area; and
- 10 (i) A relocation report *[which shall include]* **that includes:**
- 11 (A) An analysis of existing residents or businesses required to relocate permanently or tempo-
- 12 rarily as a result of agency actions under ORS 457.170;
- 13 (B) A description of the methods to be used for the temporary or permanent relocation of per-
- 14 sons living in, and businesses situated in, *[the]* an urban renewal area in accordance with ORS
- 15 35.500 to 35.530; and
- 16 (C) An enumeration, by cost range, of the existing housing units in the urban renewal areas of
- 17 the plan to be destroyed or altered and new units to be added.
- 18 (4) An urban renewal plan and accompanying report shall be forwarded to the planning com-
- 19 mission of the municipality for recommendations, prior to presenting the plan to the governing body
- 20 of the municipality for approval under ORS 457.095.
- 21 *[(5) An urban renewal plan and accompanying report shall be forwarded to the governing body*
- 22 *of each taxing district affected by the urban renewal plan and the agency shall consult and confer with*
- 23 *the taxing districts prior to presenting the plan to the governing body of the municipality for approval*
- 24 *under ORS 457.095. Any written recommendations of the governing body of each taxing district shall*
- 25 *be accepted, rejected or modified by the governing body of the municipality in adopting the plan.]*
- 26 *[(6)]* (5) No urban renewal plan shall be carried out until the plan has been approved *[by the*
- 27 *governing body of each municipality]* pursuant to ORS 457.095 *[and 457.105]*.
- 28 **SECTION 4.** ORS 457.095 is amended to read:
- 29 457.095. (1) **An urban renewal plan may not be carried out unless the urban renewal**
- 30 **agency forwards a copy of the proposed plan and report required under ORS 457.085 to the**
- 31 **governing body of the municipality and to the governing bodies of all other municipalities and**
- 32 **taxing districts with jurisdiction in all urban renewal areas included in the plan.**
- 33 (2) The governing body of the municipality, upon receipt of *[a proposed urban renewal]* **the** plan
- 34 and report *[from the municipality's urban renewal agency and after public notice and hearing and]*
- 35 **under subsection (1) of this section, shall provide public notice as required under ORS 457.115**
- 36 **and 457.120 and hold public hearings regarding the plan and report.**
- 37 (3) **Before the governing body of the municipality may approve an urban renewal plan,**
- 38 **the governing body must obtain approval of the plan by resolution or ordinance of the gov-**
- 39 **erning bodies of all other municipalities and taxing districts with jurisdiction in all urban**
- 40 **renewal areas included in the plan.**
- 41 (4) **After the governing body of the municipality has obtained approval under subsection**
- 42 **(3) of this section, and after** consideration of public testimony and planning commission recom-
- 43 mendations, if any, **the governing body** may approve the urban renewal plan*]. The approval shall*
- 44 *be]* by nonemergency ordinance *[which shall incorporate]* **incorporating** the plan by reference.
- 45 (5)(a) *[Notice of adoption of the ordinance approving the urban renewal plan, and the provisions*

1 of ORS 457.135, shall be published by the governing body of the municipality in accordance with ORS
 2 457.115 no later than four days following the ordinance adoption.] The ordinance **adopted under**

3 **subsection (4) of this section** shall include determinations and findings by the governing body that:

4 [(1)] (A) Each urban renewal area is blighted;

5 [(2)] (B) The rehabilitation and redevelopment is necessary to protect the public health, safety
 6 or welfare of the municipality;

7 [(3)] (C) The urban renewal plan conforms to the comprehensive plan and economic development
 8 plan, if any, of the municipality as a whole and provides an outline for accomplishing the urban
 9 renewal projects the urban renewal plan proposes;

10 [(4)] (D) Provision has been made to house displaced persons within their financial means in
 11 accordance with ORS 35.500 to 35.530 and, except in the relocation of elderly individuals or indi-
 12 viduals with disabilities, without displacing on priority lists persons already waiting for existing
 13 federally subsidized housing;

14 [(5)] (E) If acquisition of real property is provided for, that it is necessary;

15 [(6)] (F) Adoption and carrying out of the urban renewal plan is economically sound and feasi-
 16 ble; and

17 [(7)] (G) The municipality shall assume and complete any activities prescribed it by the urban
 18 renewal plan.

19 **(b) Notice of adoption of the ordinance approving the urban renewal plan, and the pro-**
 20 **visions of ORS 457.135, shall be published by the governing body of the municipality in ac-**
 21 **cordance with ORS 457.115 no later than four days following the ordinance adoption.**

22 **SECTION 5. ORS 457.105 is repealed.**

23 **SECTION 6.** ORS 457.010 is amended to read:

24 457.010. As used in this chapter, unless the context requires otherwise:

25 (1) "Blighted areas" means areas that, by reason of deterioration, faulty planning, inadequate
 26 or improper facilities, deleterious land use or the existence of unsafe structures, or any combination
 27 of these factors, are detrimental to the safety, health or welfare of the community. A blighted area
 28 is characterized by the existence of one or more of the following conditions:

29 (a) The existence of buildings and structures, used or intended to be used for living, commercial,
 30 industrial or other purposes, or any combination of those uses, that are unfit or unsafe to occupy
 31 for those purposes because of any one or a combination of the following conditions:

32 (A) Defective design and quality of physical construction;

33 (B) Faulty interior arrangement and exterior spacing;

34 (C) Overcrowding and a high density of population;

35 (D) Inadequate provision for ventilation, light, sanitation, open spaces and recreation facilities;

36 or

37 (E) Obsolescence, deterioration, dilapidation, mixed character or shifting of uses;

38 (b) An economic dislocation, deterioration or disuse of property resulting from faulty planning;

39 (c) The division or subdivision and sale of property or lots of irregular form and shape and in-
 40 adequate size or dimensions for property usefulness and development;

41 (d) The laying out of property or lots in disregard of contours, drainage and other physical
 42 characteristics of the terrain and surrounding conditions;

43 (e) The existence of inadequate streets and other rights of way, open spaces and utilities;

44 (f) The existence of property or lots or other areas that are subject to inundation by water;

45 (g) A prevalence of depreciated values, impaired investments and social and economic

1 maladjustments to such an extent that the capacity to pay taxes is reduced and tax receipts are
 2 inadequate for the cost of public services rendered;

3 (h) A growing or total lack of proper utilization of areas, resulting in a stagnant and unpro-
 4 ductive condition of land potentially useful and valuable for contributing to the public health, safety
 5 and welfare; or

6 (i) A loss of population and reduction of proper utilization of the area, resulting in its further
 7 deterioration and added costs to the taxpayer for the creation of new public facilities and services
 8 elsewhere.

9 (2) "Certified statement" means the statement prepared and filed pursuant to ORS 457.430 or
 10 an amendment to the certified statement prepared and filed pursuant to ORS 457.430.

11 (3) "City" means any incorporated city.

12 (4)(a) "Existing urban renewal plan" means an urban renewal plan that provides for a division
 13 of ad valorem property taxes as described under ORS 457.420 to 457.460 adopted by ordinance before
 14 December 6, 1996, that:

15 (A) Except for an amendment made on account of ORS 457.190 (3) and subject to paragraph (b)
 16 of this subsection, is not changed by substantial amendment, as described in ORS 457.085 (2)(i)(A)
 17 or (B), on or after December 6, 1996; and

18 (B) For tax years beginning on or after July 1, 1998, includes the limit on indebtedness as de-
 19 scribed in ORS 457.190 (3).

20 (b) If, on or after July 1, 1998, the maximum limit on indebtedness (adopted by ordinance before
 21 July 1, 1998, pursuant to ORS 457.190) of an existing urban renewal plan is changed by substantial
 22 amendment, then "indebtedness issued or incurred to carry out the existing urban renewal plan" for
 23 purposes of ORS 457.435 includes only the indebtedness within the indebtedness limit adopted by
 24 ordinance under ORS 457.190 (3)(c) before July 1, 1998.

25 (5) "Fiscal year" means the fiscal year commencing on July 1 and closing on June 30.

26 (6) "Governing body of a municipality" means, in the case of a city, the common council or other
 27 legislative body thereof, and, in the case of a county, the board of county commissioners or other
 28 legislative body thereof.

29 (7) "Housing authority" or "authority" means any housing authority established pursuant to the
 30 Housing Authorities Law.

31 (8) "Increment" means that part of the assessed value of a taxing district attributable to any
 32 increase in the assessed value of the property located in an urban renewal area, or portion thereof,
 33 over the assessed value specified in the certified statement.

34 (9) "Maximum indebtedness" means the amount of the principal of indebtedness included in a
 35 plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance
 36 existing indebtedness.

37 (10) "Municipality" means any county or any city in this state. "The municipality" means the
 38 municipality for which a particular urban renewal agency is created.

39 (11) "Taxing body" or "taxing district" means the state, city, county or any other taxing unit
 40 which has the power to levy a tax.

41 (12) "Urban renewal agency" or "agency" means an urban renewal agency created under ORS
 42 457.035 [and 457.045].

43 (13) "Urban renewal area" means a blighted area included in an urban renewal plan or an area
 44 included in an urban renewal plan under ORS 457.160.

45 (14) "Urban renewal plan" or "plan" means a plan, as it exists or is changed or modified from

1 time to time for one or more urban renewal areas, as provided in ORS 457.085, 457.095, [457.105,
2 457.115, 457.120, 457.125, 457.135 and 457.220.

3 (15) “Urban renewal project” or “project” means any work or undertaking carried out under
4 ORS 457.170 in an urban renewal area.

5 **SECTION 7.** ORS 457.125 is amended to read:

6 457.125. (1) A copy of the ordinance approving an urban renewal plan under ORS 457.095 (4)
7 shall be sent by the governing body of the municipality to the urban renewal agency.

8 (2) A copy of [the] **each resolution or ordinance** approving an urban renewal plan under ORS
9 [457.105] **457.095 (3)** shall be sent by the governing body of [a] **the municipality or taxing district,**
10 **as applicable,** to the urban renewal agency.

11 (3) Upon receipt of [*the necessary approval of each municipality governing body*] **all copies re-**
12 **quired under this section,** the urban renewal plan shall be recorded by the urban renewal agency
13 with the recording officer of each county in which any portion of an urban renewal area within the
14 plan is situated.

15 **SECTION 8. (1) The amendments to ORS 457.010, 457.035 and 457.045 by sections 1, 2 and**
16 **6 of this 2017 Act apply to urban renewal agencies activated on or after the effective date**
17 **of this 2017 Act.**

18 (2) **The amendments to ORS 457.010, 457.085, 457.095 and 457.125 by sections 3, 4, 6 and 7**
19 **of this 2017 Act and the repeal of ORS 457.105 by section 5 of this 2017 Act apply to urban**
20 **renewal plans and substantial changes to urban renewal plans proposed on or after the ef-**
21 **fective date of this 2017 Act.**

22 **SECTION 9.** ORS 285C.170 is amended to read:

23 285C.170. (1) Property shall be exempt from ad valorem property taxation under this section if:

24 (a) The property is located in an enterprise zone;

25 (b) The property is owned or leased by an authorized business firm or the business firm is
26 contractually obligated to own or lease the property upon the property’s being placed in service;

27 (c) The property is or, upon completion of the construction, addition, modification or installation
28 of the property, will be qualified property;

29 (d) The authorization of the business firm remains active under ORS 285C.140 or 285C.165;

30 (e) The property has not been subject to exemption under ORS 307.330 at the location;

31 (f) The property is not and will not be centrally assessed under ORS 308.505 to 308.681;

32 (g) The property is not to be operated as all or a part of a hotel, motel or destination resort;
33 and

34 (h) There is no known reason to conclude that the property or the firm will not satisfy any ap-
35 plicable requirements for the property to be exempt under ORS 285C.175 upon being placed in ser-
36 vice.

37 (2) Property may be exempt under this section for no more than two tax years, which must be
38 consecutive.

39 (3) **The exemption under this section does not apply to property taxes imposed by a tax-**
40 **ing district that does not elect to allow the exemption.**

41 [(3)] (4) In determining whether property is exempt under this section, the county assessor:

42 (a) Shall adhere to the same procedures as apply under ORS 285C.175 [(6) and] (7) **and (8)**; and

43 (b) May require the submission of additional evidence by the authorized business firm or zone
44 sponsor showing that the property qualifies for exemption under this section. If required, the addi-
45 tional evidence must be submitted on or before April 1 of the assessment year.

1 [(4)] (5) The exemption under this section does not depend on the property or the authorized
 2 business firm receiving the exemption under ORS 285C.175 or satisfying requirements applicable to
 3 the exemption under ORS 285C.175.

4 [(5)] (6) A year in which property is exempt under this section shall be considered a year in
 5 which the property is exempt under ORS 307.330 for purposes of determining the maximum number
 6 of years for which the property may be exempt under this section or ORS 307.330.

7 **SECTION 10.** ORS 285C.175 is amended to read:

8 285C.175. (1) Property of an authorized business firm is exempt from ad valorem property taxa-
 9 tion if:

10 (a) The property is qualified property under ORS 285C.180;

11 (b) The firm meets the qualifications under ORS 285C.200; and

12 (c) The firm has entered into a first-source hiring agreement under ORS 285C.215.

13 (2)(a) The exemption allowed under this section applies to the first tax year for which, as of
 14 January 1 preceding the tax year, the qualified property is in service. The exemption shall continue
 15 for the next two succeeding tax years if the property continues to be owned or leased by the busi-
 16 ness firm and located in the enterprise zone.

17 (b) The property may be exempt from property taxation under this section for up to two addi-
 18 tional tax years consecutively following the tax years described in paragraph (a) of this subsection,
 19 if authorized by the written agreement entered into by the firm and the sponsor under ORS
 20 285C.160.

21 (c) If qualified property of a qualified business firm is sold or leased to an eligible business firm
 22 in the enterprise zone during the period the property is exempt under this section, the purchasing
 23 or leasing firm is eligible to continue the exemption of the selling or leasing firm for the balance
 24 of the exemption period, but only if any effects on employment within the zone that result from the
 25 sale or lease do not constitute substantial curtailment under ORS 285C.210.

26 (3)(a) The exemption allowed under this section shall be 100 percent of the assessed value of the
 27 qualified property in each of the tax years for which the exemption is available.

28 (b) Notwithstanding paragraph (a) of this subsection:

29 (A) If the qualified property is an addition to or modification of an existing building or structure,
 30 the exemption shall be measured by the increase in value, if any, attributable to the addition or
 31 modification.

32 (B) If the qualified property is an item of reconditioned, refurbished, retrofitted or upgraded real
 33 property machinery or equipment, the exemption shall be measured by the increase in the value of
 34 the item that is attributable to the reconditioning, refurbishment, retrofitting or upgrade.

35 **(4) The exemption under this section does not apply to property taxes imposed by a tax-**
 36 **ing district that does not elect to allow the exemption.**

37 [(4)(a)] (5)(a) An exemption may not be granted under this section for qualified property as-
 38 sessed for property tax purposes in the county in which the property is located on or before the date
 39 on which:

40 (A) Designation of the zone takes effect under ORS 285C.074; or

41 (B) A boundary change for the zone takes effect under ORS 285C.117 if the property is located
 42 in an area added to the zone.

43 (b) An exemption may not be granted for qualified property constructed, added, modified or in-
 44 stalled in the zone or in the process of construction, addition, modification or installation in the
 45 zone on or before the date on which:

1 (A) Designation of the zone takes effect under ORS 285C.074; or

2 (B) A boundary change for the zone takes effect under ORS 285C.117 if the property is located
3 in an area added to the zone.

4 (c) An exemption may not be granted for any qualified property that was in service within the
5 zone for more than 12 months by January 1 of the first assessment year for which an exemption
6 claim is made, or 24 months, in the case of a late claim under ORS 285C.220 (10).

7 (d) An exemption may not be granted for any qualified property unless the property is actually
8 in use or occupancy before July 1 of the year immediately following the year during which the
9 property was first placed in service.

10 (e) Except as provided in ORS 285C.245, an exemption may not be granted for qualified property
11 constructed, added, modified or installed after termination of an enterprise zone.

12 [(5)] (6) Property is not required to have been exempt under ORS 285C.170 in order to be exempt
13 under this section.

14 [(6)] (7) The county assessor shall notify the business firm in writing whenever property is de-
15 nied an exemption under this section. The denial of exemption may be appealed to the Oregon Tax
16 Court under ORS 305.404 to 305.560.

17 [(7)] (8) For each tax year that the property is exempt from taxation, the assessor shall:

18 (a) Enter on the assessment roll, as a notation, the assessed value of the property as if it were
19 not exempt under this section.

20 (b) Enter on the assessment roll, as a notation, the amount of additional taxes that would be
21 due if the property were not exempt.

22 (c) Indicate on the assessment roll that the property is exempt and is subject to potential addi-
23 tional taxes as provided in ORS 285C.240, by adding the notation “enterprise zone exemption (po-
24 tential additional tax).”

25 **SECTION 11. The amendments to ORS 285C.170 and 285C.175 by sections 9 and 10 of this**
26 **2017 Act apply to property first qualified for exemption on or after the effective date of this**
27 **2017 Act.**

28 **SECTION 12.** ORS 285C.362 is amended to read:

29 285C.362. (1) Property of an authorized business firm is exempt from ad valorem property taxa-
30 tion if:

31 (a) The property is qualified property under ORS 285C.359;

32 (b) The firm meets the qualifications under ORS 285C.200; and

33 (c) The firm has entered into a first-source hiring agreement under ORS 285C.215.

34 (2) Notwithstanding subsection (1)(b) of this section, property that otherwise qualifies under
35 subsection (1) of this section is exempt from ad valorem property taxation if:

36 (a) At the time the zone sponsor approves the application of the firm for authorization pursuant
37 to ORS 285C.356, the governing body of the zone sponsor adopts a resolution waiving the require-
38 ments of ORS 285C.200 (1)(c) and (e) with respect to the application; and

39 (b) The firm completes an investment of \$5 million or more in qualified property.

40 (3)(a) Property described in subsection (1) or (2) of this section is exempt from ad valorem
41 property taxation only to the extent the real market value of the property, when added to the real
42 market value of all other property in the rural renewable energy development zone that has received
43 an exemption under this section, is less than the exemption authorization level established for the
44 zone under ORS 285C.353 (4).

45 (b) For purposes of this subsection, real market value shall be determined as of the assessment

1 date for the first year that property is exempt under this section.

2 (4) The exemption allowed under this section applies to the first tax year for which, as of Jan-
 3 uary 1 preceding the tax year, the qualified property is in service. The exemption shall continue for
 4 the next two succeeding tax years if the property continues to be owned or leased by the business
 5 firm, operated to generate renewable energy or to support or maintain renewable energy facilities,
 6 and located in the rural renewable energy development zone.

7 (5)(a) The exemption allowed under this section may continue for up to two additional tax years
 8 consecutively following the tax years described in subsection (4) of this section if authorized by a
 9 written agreement entered into by the firm and the sponsor under ORS 285C.160.

10 (b) Notwithstanding ORS 285C.160, a contiguous county that applied for a rural renewable en-
 11 ergy development zone designation may elect to not participate in a two-year extension of the ex-
 12 emption under this subsection. The election shall be made by resolution of the governing body of the
 13 contiguous county on or before execution of the written agreement between the firm and the sponsor
 14 under ORS 285C.160.

15 **(6) The exemption under this section does not apply to property taxes imposed by a tax-**
 16 **ing district that does not elect to allow the exemption.**

17 **SECTION 13. The amendments to ORS 285C.362 by section 12 of this 2017 Act apply to**
 18 **property first qualified for exemption on or after the effective date of this 2017 Act.**

19 **SECTION 14.** ORS 285C.409 is amended to read:

20 285C.409. (1) A facility of a certified business firm is exempt from ad valorem property taxation:

21 (a) For the first tax year following the calendar year in which the business firm is certified
 22 under ORS 285C.403 or after which construction or reconstruction of the facility commences,
 23 whichever event occurs later;

24 (b) For each subsequent tax year in which the facility is not yet in service as of the assessment
 25 date; and

26 (c) For a period of at least seven consecutive tax years but not more than 15 consecutive tax
 27 years, as provided in the written agreement between the business firm and the rural enterprise zone
 28 sponsor under ORS 285C.403 (3)(c), if the facility satisfies the requirements of ORS 285C.412. The
 29 period described in this paragraph shall commence as of the first tax year in which the facility is
 30 in service as of the assessment date.

31 **(2) The exemption under this section does not apply to property taxes imposed by a tax-**
 32 **ing district that does not elect to allow the exemption.**

33 [(2)] (3) An exemption under this section may not be allowed for real or personal property that
 34 has received a property tax exemption under ORS 285C.170 or 285C.175.

35 [(3)] (4) For each tax year that the facility is exempt from taxation under this section, the
 36 county assessor shall:

37 (a) Enter on the assessment and tax roll, as a notation, the real market value and assessed value
 38 of the facility.

39 (b) Enter on the assessment and tax roll, as a notation, the amount of tax that would be due if
 40 the facility were not exempt.

41 (c) Indicate on the assessment and tax roll that the property is exempt and is subject to poten-
 42 tial additional taxes as provided in ORS 285C.420 by adding the notation "enterprise zone exemption
 43 (potential additional tax)."

44 [(4)] (5) The amount determined under subsection [(3)(b)] (4)(b) of this section and the name of
 45 the business firm shall be reported to the Department of Revenue on or before December 31 of each

1 tax year so that the department may compute the distributions described in ORS 317.131.

2 [(5)] (6) The following property may not be exempt from property taxation under this section:

3 (a) Land.

4 (b) Any property that existed at the facility on an assessment date before the assessment date
5 for the first tax year for which property of the firm is exempt under this section.

6 **SECTION 15. The amendments to ORS 285C.409 by section 14 of this 2017 Act apply to**
7 **facilities of business firms first certified under ORS 285C.403 on or after the effective date**
8 **of this 2017 Act.**

9 **SECTION 16.** ORS 307.123 is amended to read:

10 307.123. (1) Except as provided in subsection (3) of this section, real or personal property that
11 the Oregon Business Development Commission, acting pursuant to ORS 285C.606, has determined is
12 an eligible project under ORS 285C.600 to 285C.635 shall be subject to assessment and taxation as
13 follows:

14 (a) That portion of the real market value of the eligible project that equals the minimum cost
15 of the project under ORS 285C.606 (1)(c), increased annually for growth at the rate of three percent,
16 shall be taxable at the taxable portion's assessed value under ORS 308.146. The taxable portion of
17 real market value, as adjusted, shall be allocated as follows until the entire amount is assigned: first
18 to land, second to buildings, third to real property machinery and equipment and last to personal
19 property.

20 (b) The remainder of the real market value shall be exempt from taxation for a period of 15
21 years from the beginning of the tax year after the earliest of the following dates:

22 (A) The date the property is certified for occupancy or, if no certificate of occupancy is issued,
23 the date the property is used to produce a product for sale; or

24 (B) The expiration of the exemption for commercial facilities under construction under ORS
25 307.330.

26 (2) If the real market value of the property falls below the value determined under subsection
27 (1)(a) of this section, the owner or lessee shall pay taxes only on the assessed value of the property.

28 (3) Notwithstanding subsection (1) of this section[,]:

29 (a) Real or personal property that has received an exemption under ORS 285C.175 may not be
30 assessed under this section.

31 **(b) The exemption under this section does not apply to property taxes imposed by a tax-**
32 **ing district that does not elect to allow the exemption.**

33 (4) The Department of Revenue may adopt rules and prescribe forms that the department de-
34 termines are necessary for administration of this section.

35 (5) The determination by the Oregon Business Development Commission that a project is an el-
36 igible project that may receive a tax exemption under this section shall be conclusive, so long as
37 the property included in the eligible project is constructed and installed in accordance with the
38 application approved by the commission.

39 (6) Notwithstanding subsection (1) of this section, if the owner or lessee of property exempt
40 under this section fails to pay the fee required under ORS 285C.609 (4)(b) by the end of the tax year
41 in which it is due, the exemption shall be revoked and the property shall be fully taxable for the
42 following tax year and for each subsequent tax year for which the fee remains unpaid. If an unpaid
43 fee is paid after the exemption is revoked, the property shall again be eligible for the exemption
44 provided under this section, beginning with the tax year after the payment is made. Reinstatement
45 of the exemption under this subsection shall not extend the 15-year exemption period provided for

1 in subsection (1)(b) of this section.

2 **SECTION 17. The amendments to ORS 307.123 by section 16 of this 2017 Act apply to**
 3 **property first determined to be an eligible project pursuant to ORS 285C.606 on or after the**
 4 **effective date of this 2017 Act.**

5 **SECTION 18.** ORS 307.519 is amended to read:

6 307.519. (1) Except as provided in subsection (2) of this section, the exemptions granted under
 7 ORS 307.515 to 307.523 apply only to the tax levy of a governing body that adopts the provisions
 8 of ORS 307.515 to 307.523.

9 (2) The exemptions granted under ORS 307.515 to 307.523 **also** apply to *[the tax levy of all]*
 10 **property taxes imposed by** taxing districts in which property certified for exemption is located *[if,*
 11 *upon request of a governing body that has adopted the provisions of ORS 307.515 to 307.523, the rates*
 12 *of taxation of such taxing districts whose governing boards agree to the policy of exemption under ORS*
 13 *307.515 to 307.523, when combined with the rate of taxation of the governing body that adopts the*
 14 *provisions of ORS 307.515 to 307.523, equal 51 percent or more of the total combined rate of taxation*
 15 *on the property granted exemption] that elect to allow the exemption.*

16 (3) A governing body may adopt additional provisions relating to the exemption granted under
 17 ORS 307.515 to 307.523 that do not conflict with the provisions of ORS 307.515 to 307.523.

18 **SECTION 19. The amendments to ORS 307.519 by section 18 of this 2017 Act apply to**
 19 **property first certified for exemption on or after the effective date of this 2017 Act.**

20 **SECTION 20.** ORS 307.543 is amended to read:

21 307.543. (1) Except as provided in subsection (2) of this section, the exemption granted under
 22 ORS 307.540 to 307.548 applies only to the tax levy of a governing body that adopts the provisions
 23 of ORS 307.540 to 307.548. At the time of adoption, the governing body shall elect a definition of
 24 “low income” under ORS 307.540.

25 (2) The exemption granted under ORS 307.540 to 307.548 **also** applies to *[the tax levy of all]*
 26 **property taxes imposed by** taxing districts in which property certified for exemption is located *[if,*
 27 *upon request of a governing body that has adopted the provisions of ORS 307.540 to 307.548, the rates*
 28 *of taxation of such taxing districts whose governing boards agree to the policy of exemption under ORS*
 29 *307.540 to 307.548, when combined with the rate of taxation of the governing body that adopts the*
 30 *provisions of ORS 307.540 to 307.548, equal 51 percent or more of the total combined rate of taxation*
 31 *on the property granted exemption] that elect to allow the exemption.*

32 (3) A governing body may adopt additional provisions relating to the exemption granted under
 33 ORS 307.540 to 307.548 that do not conflict with the provisions of ORS 307.540 to 307.548.

34 **SECTION 21. The amendments to ORS 307.543 by section 20 of this 2017 Act apply to**
 35 **property first certified for exemption on or after the effective date of this 2017 Act.**

36 **SECTION 22.** ORS 307.606 is amended to read:

37 307.606. (1) ORS 307.600 to 307.637 apply to multiple-unit housing preserved, constructed, estab-
 38 lished, added to or converted in cities or counties that adopt, after a public hearing and determi-
 39 nation pursuant to subsection [(3)] (5) of this section, by resolution or ordinance, the provisions of
 40 ORS 307.600 to 307.637.

41 (2) **Except as provided in subsection (3) of this section,** the tax exemption provided by ORS
 42 307.600 to 307.637 *[only]* applies **only** to the tax levy of a city or county that adopts the provisions
 43 of ORS 307.600 to 307.637, *except that the tax exemption shall apply to the ad valorem property taxes*
 44 *of all taxing districts when upon request of the city or county that has adopted the provisions of ORS*
 45 *307.600 to 307.637, the rates of ad valorem taxation of taxing districts whose governing boards agree*

1 *by resolution to the policy of providing tax exemptions for multiple-unit housing as provided in ORS*
 2 *307.600 to 307.637, when combined with the rate of taxation of the city or county that adopts the pro-*
 3 *visions of ORS 307.600 to 307.637, equal 51 percent or more of the total combined rate of taxation*
 4 *levied on the property which is tax exempt under ORS 307.600 to 307.637].*

5 **(3) The tax exemption provided by ORS 307.600 to 307.637 also applies to property taxes**
 6 **imposed by taxing districts that elect to allow the exemption.**

7 [(2)] (4) The city or county shall designate an area within which it proposes to allow exemptions
 8 provided for under the provisions of ORS 307.600 to 307.637. Core areas, light rail station areas or
 9 transit oriented areas may be designated by a city. A city may designate the entire city as the area
 10 in which the city proposes to allow exemptions under ORS 307.600 to 307.637 for housing that is or
 11 becomes subject to a low income housing assistance contract with an agency or subdivision of this
 12 state or the United States. A county may designate areas as light rail station areas or transit ori-
 13 ented areas but may not designate areas as core areas. A county may designate the entire county
 14 as the area in which the county proposes to allow exemptions under ORS 307.600 to 307.637 for
 15 housing that is or becomes subject to a low income housing assistance contract with an agency or
 16 subdivision of this state or the United States. A city or county from time to time may, by amending
 17 its resolution or ordinance, add or withdraw territory from the area originally designated as a light
 18 rail station area or a transit oriented area, but any area added must be within the boundaries of the
 19 area as limited by ORS 307.603 (3) or (6).

20 [(3)] (5) The city or county shall, prior to passage of a resolution or ordinance electing to utilize
 21 the provisions of ORS 307.600 to 307.637, hold a public hearing in order to determine whether
 22 multiple-unit housing meeting the qualifications of subsection [(4)] (6) of this section would not
 23 otherwise be built in the designated area or preserved without the benefits provided by ORS 307.600
 24 to 307.637.

25 [(4)] (6) Prior to accepting project applications under ORS 307.600 to 307.637, cities or counties
 26 shall promulgate standards and guidelines to be utilized in considering applications and making the
 27 determinations required by ORS 307.618. The standards and guidelines shall establish policy gov-
 28 erning basic requirements for an application, including but not limited to:

29 (a) Existing utilization of proposed project site, including justification of the elimination of any
 30 existing sound or rehabilitable housing.

31 (b) Design elements.

32 (c) Rental rates or sales prices.

33 (d) Extensions of public benefits from the project beyond the period of the exemption.

34 (e) Minimum number of units.

35 (f) For housing that is or becomes subject to a low income housing assistance contract with an
 36 agency or subdivision of this state or the United States, a demonstration that the exemption is
 37 necessary to preserve or establish the low income units.

38 (g) For housing that is to become subject to a low income housing assistance contract with an
 39 agency or subdivision of this state or the United States, the date on which the housing must be es-
 40 tablished in order to be exempt under ORS 307.600 to 307.637.

41 **SECTION 23. The amendments to ORS 307.606 by section 22 of this 2017 Act apply to**
 42 **property that first qualifies for exemption under ORS 307.600 to 307.637 on or after the ef-**
 43 **fective date of this 2017 Act.**

44 **SECTION 24. ORS 307.657 is amended to read:**

45 307.657. (1) ORS 307.651 to 307.687 apply to single-unit housing located within the jurisdiction

1 of a governing body that adopts, by resolution or ordinance, ORS 307.651 to 307.687.

2 (2) Except as provided in subsection [(2)] (3) of this section, the exemption provided by ORS
3 307.651 to 307.687 applies only to the tax levy of a governing body that adopts ORS 307.651 to
4 307.687.

5 [(2)(a)] (3) [*Except as provided in paragraph (b) of this subsection, the tax exemption provided*
6 *under ORS 307.651 to 307.687 applies to the tax levy of all taxing units with jurisdiction over property*
7 *granted the tax exemption by a city if the rates of taxation of taxing units whose governing bodies*
8 *agree by resolution or ordinance to grant the tax exemption, when combined with the rate of taxation*
9 *of the city, equal 51 percent or more of the total combined rate of taxation levied on the property.*] **The**
10 **tax exemption provided under ORS 307.651 to 307.687 also applies to property taxes imposed**
11 **by taxing districts that elect to allow the exemption.**

12 [(b) *If the rate of taxation of the city that has granted the tax exemption equals 40 percent or more*
13 *of the total combined rate of taxation of all taxing units with jurisdiction over the property, the tax*
14 *exemption applies to the tax levy of all taxing units only if:*]

15 [(A) *The percentage requirement of paragraph (a) of this subsection is met; and*]

16 [(B) *The governing body of the county also agrees, by resolution or ordinance, to grant the tax*
17 *exemption to the property.*]

18 [(3)] (4) The city shall adopt standards and guidelines to be utilized in considering applications
19 and making the determinations required under ORS 307.651 to 307.687, including but not limited to:

20 (a) Design elements for construction of the single-unit housing proposed to be exempt.

21 (b) Extensions of public benefits from the construction of the single-unit housing beyond the
22 period of exemption.

23 **SECTION 25. The amendments to ORS 307.657 by section 24 of this 2017 Act apply to**
24 **property first granted exemption under ORS 307.651 to 307.687 on or after the effective date**
25 **of this 2017 Act.**

26 **SECTION 26.** ORS 308.456 is amended to read:

27 308.456. (1) ORS 308.450 to 308.481 apply to rehabilitated residential property located within the
28 jurisdiction of a governing body which adopts, by resolution or ordinance, the provisions of ORS
29 308.450 to 308.481.

30 (2) Except as provided in subsection [(2)] (3) of this section, the limited assessment provided by
31 ORS 308.450 to 308.481 [*only*] applies **only** to the tax levy of a governing body which adopts the
32 provisions of ORS 308.450 to 308.481.

33 [(2)] (3) The limited assessment provided by ORS 308.450 to 308.481 [*shall apply to the tax levy*
34 *of all taxing districts in which property certified for limited assessment under ORS 308.450 to 308.481*
35 *is located when, upon request of a governing body which has adopted the provisions of ORS 308.450*
36 *to 308.481, the rates of taxation of such taxing districts whose governing boards agree to the policy of*
37 *limited assessment as provided in ORS 308.450 to 308.481, when combined with the rate of taxation*
38 *of the governing body which adopts the provisions of ORS 308.450 to 308.481, equal 51 percent or more*
39 *of the total combined rate of taxation on the property certified for limited assessment*] **also applies to**
40 **property taxes imposed by taxing districts that elect to allow the limited assessment.**

41 [(3)] (4) The governing body shall promulgate standards and guidelines to be utilized in making
42 the determinations required by ORS 308.466 and, in the case of nonowner-occupied residential
43 structures or units, standards and guidelines to be applied if the governing body desires to enter into
44 negotiations with the owner regarding rental rates to be charged during the period of the limited
45 assessment.

1 [(4)] (5) ORS 308.450 to 308.481 do not apply to increases in assessed valuation made by the
 2 assessor or by lawful order of the Department of Revenue or a court, to a class of property
 3 throughout the county or any specific area of the county to achieve the uniformity of assessment
 4 or appraisal required by ORS 308.232.

5 **SECTION 27. The amendments to ORS 308.456 by section 26 of this 2017 Act apply to**
 6 **property that first qualifies for the limited assessment on or after the effective date of this**
 7 **2017 Act.**

8 **SECTION 28.** ORS 285C.130 is amended to read:

9 285C.130. The assessor of a county within which an enterprise zone is located shall:

10 (1) Assist the sponsor, the local zone manager appointed by the sponsor and business firms in
 11 determining whether property will qualify for a property tax exemption under ORS 285C.175.

12 (2) Review and approve or deny applications from eligible business firms for authorization under
 13 ORS 285C.140.

14 (3) Process claims for property tax exemptions filed under ORS 285C.220 and exempt the quali-
 15 fied property of authorized business firms from ad valorem property taxation in accordance with
 16 ORS 285C.050 to 285C.250.

17 (4) Take action necessary under ORS 285C.240.

18 (5) Submit a written report to the Department of Revenue on or before July 1 of each assessment
 19 year. The report for each enterprise zone, or portion of a zone that is located in the county, shall
 20 include the following information, organized by business firm:

21 (a) The assessor's estimate of the assessed value of qualified property that was exempt under
 22 ORS 285C.175 for the previous tax year and the taxes that would have been imposed on the qualified
 23 property, as entered on the assessment and tax roll under ORS 285C.175 [(7)] (8).

24 (b) The annual average number of employees of the firm within the enterprise zone during the
 25 previous assessment year, as reported on the exemption claim filed under ORS 285C.220.

26 (c) The annual average compensation for the previous assessment year of new employees hired
 27 by the firm within the enterprise zone, if the firm is subject to the annual compensation require-
 28 ments of ORS 285C.160 (3), as reported on the exemption claim filed under ORS 285C.220.

29 (d) The assessor's estimate of the assessed value, for the current tax year, of qualified property
 30 that was exempt under ORS 285C.175 for the previous tax year and that is not exempt under ORS
 31 285C.175 for the current tax year.

32 (e) The total investment cost of qualified property first reported on the exemption claim filed
 33 under ORS 285C.220 that includes a property schedule submitted by the business firm pursuant to
 34 ORS 285C.225 for the current tax year.

35 (f) The current number of employees of the firm, as reported on the exemption claim filed under
 36 ORS 285C.220 and described in paragraph (e) of this subsection.

37 (g) Any other information the assessor or the Department of Revenue considers appropriate.

38 (6) Send a copy of a report prepared under subsection (5) of this section to the sponsor of the
 39 enterprise zone and to the Oregon Business Development Department.

40 **SECTION 29.** ORS 285C.180 is amended to read:

41 285C.180. (1) The following types of property are qualified for exemption under ORS 285C.175:

42 (a) A newly constructed building or structure.

43 (b) A new addition to or modification of an existing building or structure.

44 (c) Any real property machinery or equipment or personal property, whether new, used or re-
 45 conditioned, that is installed on property that is owned or leased by an authorized business firm,

1 and:

2 (A) Newly purchased or leased by the firm, unless the property is described in ORS 285C.175
3 [(4)(a)] (5)(a); or

4 (B) Newly transferred into the enterprise zone from outside the county within which the site
5 of the firm is located and installed.

6 (2) Property described in subsection (1) of this section is qualified under this section only if:

7 (a) The property meets or exceeds the minimum cost requirements established under ORS
8 285C.185;

9 (b) The property satisfies applicable usage, lease or location requirements established under
10 ORS 285C.185;

11 (c) The property was constructed, added, modified or installed to further the production of in-
12 come;

13 (d) The property is owned or leased by an authorized business firm;

14 (e) The location of the property corresponds to the location as set forth in the application for
15 authorization of the business firm and consists of a single site or multiple sites adjacent to or having
16 comparable proximity to each other, within the boundaries of the enterprise zone;

17 (f) The property is the same general type of property as described in the application for au-
18 thorization; and

19 (g) In the case of an eligible business firm described in ORS 285C.135 (5)(b), the actual invest-
20 ment at the facility of the firm is consistent with the description set forth in the application for
21 authorization.

22 (3) Notwithstanding subsection (1) of this section, the following property is not qualified for ex-
23 emption under ORS 285C.175:

24 (a) Land.

25 (b) Property that was not in use or occupancy for more than a 180-day period that ends during
26 the preceding assessment year.

27 (c) On-site developments that, consistent with ORS 307.010, are assessed as land.

28 (d) Noninventory supplies, including but not limited to lubricants.

29 (e) Any operator-driven item of machinery or equipment or any vehicle, if the item or vehicle
30 moves by internal motorized power. An item or vehicle described in this paragraph includes but is
31 not limited to an item or vehicle that moves within an enclosed space.

32 (f) Any device or rolling stock that is pulled, pushed or carried by a vehicle that is suitable as
33 a mode of transportation beyond the enterprise zone boundary.

34 (4) Subsection (3)(b) of this section does not apply to the first assessment year for which the
35 property is exempt under ORS 285C.175.

36 (5) For purposes of this section and ORS 285C.175, property includes any portion or incremental
37 unit of property that is newly constructed or installed, or that is a new addition to or modification
38 of an existing building or structure.

39 **SECTION 30.** ORS 285C.190 is amended to read:

40 285C.190. (1) Notwithstanding ORS 285C.180 (1)(c), an item of reconditioned, refurbished,
41 retrofitted or upgraded real property machinery or equipment that is owned or leased by an au-
42 thorized business firm is qualified property under ORS 285C.180 if:

43 (a) The real property machinery or equipment is idle:

44 (A) At the time of application for authorization; and

45 (B) For a period of at least 18 consecutive months before or after the time of application for

1 authorization but preceding the first assessment year of the exemption;

2 (b) Prior to the period of idleness, the property was in use within the enterprise zone or else-
 3 where in the county for at least 12 consecutive months;

4 (c) The reconditioning, refurbishing, retrofitting or upgrading of the property costs at least
 5 \$50,000 and is completed in the year immediately preceding the first assessment year in which the
 6 property is exempt under ORS 285C.175; and

7 (d) The business firm applies for authorization before reconditioning, refurbishment, retrofitting
 8 or upgrading commences.

9 (2) The reconditioning, refurbishing, retrofitting or upgrading of an item of real property ma-
 10 chinery or equipment described in subsection (1) of this section is a modification and the extent of
 11 the exemption under ORS 285C.175 shall be determined as provided in ORS 285C.175 (3)(b)(B).

12 (3) ORS 285C.175 [(4)(a) to (c)] (5)(a) to (c) does not apply to qualified property described in
 13 subsection (1) of this section.

14 **SECTION 31.** ORS 307.603 is amended to read:

15 307.603. As used in ORS 307.600 to 307.637:

16 (1) "Establish" means, unless the context requires otherwise, making existing multiple-unit
 17 housing subject to a low income housing assistance contract.

18 (2) "Lender" means any person who makes a loan, secured by a recorded mortgage or trust deed,
 19 to finance the acquisition, construction, addition or conversion of multiple-unit housing.

20 (3) "Light rail station area" means an area defined in regional or local transportation plans to
 21 be within a one-half mile radius of an existing or planned light rail station.

22 (4) "Low income housing assistance contract" means an agreement between a public agency and
 23 a property owner that results in the production, rehabilitation, establishment or preservation of
 24 housing affordable to those with a defined level of household income.

25 (5) "Multiple-unit housing" means:

26 (a) Housing that is or becomes subject to a low income housing assistance contract with an
 27 agency or subdivision of this state or the United States; or

28 (b) Newly constructed structures, stories or other additions to existing structures and structures
 29 converted in whole or in part from other use to housing that meet the following criteria:

30 (A) The structure must have a minimum number of dwelling units as specified by the city or
 31 county pursuant to ORS 307.606 [(4)] (6).

32 (B) The structure must not be designed or used as transient accommodations, including but not
 33 limited to hotels and motels.

34 (C) The structure must have those design elements benefiting the general public, including any
 35 commercial use of a portion of the structure, as specified by the city or county pursuant to ORS
 36 307.618.

37 (D) If in a light rail station area or transit oriented area, the structure must:

38 (i) Be physically or functionally related to a light rail line or mass transportation system; and

39 (ii) Enhance the effectiveness of a light rail line or mass transportation system.

40 (6) "Transit oriented area" means an area defined in regional or local transportation plans to
 41 be within one-quarter mile of a fixed route transit service.

42 **SECTION 32.** ORS 307.609 is amended to read:

43 307.609. In any city, or in any county with a population of over 300,000, the exemption shall
 44 apply only to multiple-unit housing preserved, established, constructed, added to or converted on
 45 land within an area designated under ORS 307.606 [(2)] (4) or within a designated urban renewal or

1 redevelopment area formed pursuant to ORS chapter 457.

2 **SECTION 33.** ORS 307.618 is amended to read:

3 307.618. The city or county may approve an application filed under ORS 307.615 if the city or
4 county finds that:

5 (1) In the case of the construction, addition or conversion of multiple-unit housing:

6 (a) The owner has agreed to include in the construction, addition or conversion as a part of the
7 multiple-unit housing one or more design or public benefit elements as specified by the city or the
8 county, including but not limited to commercial uses of a portion of the multiple-unit housing
9 structure, open spaces, parks and recreational facilities, common meeting rooms, child care facilities,
10 transit amenities and transit or pedestrian design elements.

11 (b) The proposed construction, addition or conversion project is or will be, at the time of com-
12 pletion, in conformance with all local plans and planning regulations, including special or district-
13 wide plans developed and adopted pursuant to ORS chapters 195, 196, 197, 215 and 227, that are
14 applicable at the time the application is approved.

15 (2) In the case of housing that is or becomes subject to a low income housing assistance contract
16 with an agency or subdivision of this state or the United States, it is important to the community
17 to preserve or establish the housing as low income housing and it is probable that the housing would
18 not be produced, be established or remain as low income housing without the exemption being
19 granted.

20 (3) The owner has complied with all standards and guidelines adopted by cities or counties
21 pursuant to ORS 307.606 [(4)] (6).

22 **SECTION 34.** ORS 307.671 is amended to read:

23 307.671. The city may approve an application made under ORS 307.667 if it finds that:

24 (1) The proposed construction will constitute single-unit housing.

25 (2) The owner has agreed to include the design elements adopted under ORS 307.657 [(3)] (4) in
26 the construction.

27 (3) The construction will result in public benefits beyond the period of exemption.

28 **SECTION 35. This 2017 Act takes effect on the 91st day after the date on which the 2017**
29 **regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**

30