

# House Bill 3377

Sponsored by Representative SMITH WARNER

## 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**.

Directs Oregon Business Development Department to prepare plan and strategies to implement recommendations in audit conducted by Secretary of State. Specifies goals and objectives to be addressed by plan and strategies.

Requires submission of annual report to interim legislative committees no later than September 15 of each year.

Sunset December 31, 2020.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to the Oregon Business Development Department; and declaring an emergency.

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

4 **SECTION 1. (1) The Oregon Business Development Department shall prepare a plan and**  
5 **strategies to implement recommendations of the office of the Secretary of State made in the**  
6 **office's audit dated December 2016, "Report Number 2016-34: Business Oregon Can Improve**  
7 **the Evaluation and Transparency of Economic Development Incentives and Loans**  
8 **Programs." The plan and strategies shall address the following:**

9 (a) **Evaluating the results of business incentive and loan programs and enterprise zone**  
10 **property tax exemptions. The department shall develop a plan for evaluating business in-**  
11 **centives and awards, setting targets and publicly reporting on program and award outcomes,**  
12 **including but not limited to the number of jobs created and retained, the level of wages paid**  
13 **and returns on investment. The plan shall focus on programs and awards supported by the**  
14 **Strategic Reserve Fund and the Oregon Business Retention and Expansion Program Fund,**  
15 **programs that provide business finance loans and loan guarantees and the statewide avail-**  
16 **ability of enterprise zone property tax exemptions. The plan and strategies shall develop the**  
17 **means and frequency for communicating incentive and loan performance to the public and**  
18 **to policymakers in this state and for recommending improvements to the Legislative As-**  
19 **sembly, the Governor and the Oregon Business Development Commission.**

20 (b) **Improving transparency of incentive and loan programs and enterprise zone property**  
21 **tax exemptions. The plan shall develop a reporting strategy that identifies which businesses**  
22 **are receiving incentives and awards, the number of jobs created or maintained, the level of**  
23 **wages generated, the amount of enterprise zone property tax exemptions awarded and the**  
24 **areas of this state that benefit from such tax exemptions. The plan shall include creation**  
25 **of a disclosure mechanism for providing this information to policymakers and the public, and**  
26 **establish a timeline for implementation.**

27 (c) **Improving selection processes for Strategic Reserve Fund awards. The plan shall en-**  
28 **sure that risk reviews and assessments are completed before award recipients begin funded**

**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 projects and require the department to incorporate risk reviews into decision-making and  
2 evaluation of the return on investment. The plan shall require complete disclosure of iden-  
3 tified risks to the Governor for purposes of obtaining the Governor's approval of incentives  
4 and loans made from the fund.

5 (2) In developing and implementing the plan and strategies required under subsection (1)  
6 of this section, the department shall:

7 (a) Work with the Legislative Assembly and the Legislative Revenue Officer to require  
8 a sunset review of all tax expenditures;

9 (b) Work with county tax assessors and the Department of Revenue to ensure enterprise  
10 zone reports are complete and accurate and to gather and report on job and wage data for  
11 long-term rural enterprise zones;

12 (c) Work with state agencies and local officials to improve disclosure of recipient-level  
13 data for incentive and loan programs, including both cost and outcome information; and

14 (d) Work with state agencies and the Legislative Assembly to address disclosure limita-  
15 tions due to confidentiality rules and laws.

16 (3) The department shall submit an annual report to the interim legislative committees  
17 on economic development and business no later than September 15 of each year. The report  
18 must include:

19 (a) The status of the plan and strategies developed and implemented by the department  
20 as required under subsection (1) of this section; and

21 (b) Recommendations for legislative changes that may result in improving and enhancing  
22 the department's provision of business incentives and loans, and enterprise zone tax ex-  
23 emptions, in accordance with the goals and objectives set forth in subsection (1) of this sec-  
24 tion.

25 **SECTION 2.** Section 1 of this 2017 Act is repealed on December 31, 2020.

26 **SECTION 3.** This 2017 Act being necessary for the immediate preservation of the public  
27 peace, health and safety, an emergency is declared to exist, and this 2017 Act takes effect  
28 on its passage.