

# Senate Bill 333

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## 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**.

Removes loan forgiveness and reimbursement delays and makes other changes to Oregon Industrial Site Readiness Program.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to the Oregon Industrial Site Readiness Program; creating new provisions; amending ORS  
3 285B.625, 285B.626, 285B.627 and 285B.630; and prescribing an effective date.

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

5 **SECTION 1.** ORS 285B.625 is amended to read:

6 285B.625. The Legislative Assembly finds that:

7 (1) Traded sector industries are the foundation of state and regional economic development  
8 strategies for long-term prosperity and job creation. **Because traded sector jobs pay higher than**  
9 **average wages and generate higher than average income tax revenues, such jobs play an**  
10 **important role in supporting critical state services.**

11 (2) Industrial development that provides new traded sector jobs reinforces the economies of local  
12 and regional communities and contributes to the economic recovery of the State of Oregon.

13 (3) There is a shortage of market-ready regional industrial sites in this state. Project sponsors  
14 have limited financial tools to facilitate development of significant and complex industrial sites that  
15 are appropriate for traded sector industrial use.

16 (4) Public assistance is necessary to overcome development-related constraints and to incentivize  
17 industrial site development in this state.

18 (5) The State of Oregon has a significant interest in the success of regional economic develop-  
19 ment strategies and is the primary beneficiary [*from*] **of such economic development through** in-  
20 creased income tax revenues [*generated by such economic development*]. These revenues should be  
21 shared and invested in facilitating significant site development for traded sector industrial use in  
22 this state.

23 **SECTION 2.** ORS 285B.626 is amended to read:

24 285B.626. As used in ORS 285B.625 to 285B.632:

25 (1) "Compensation" has the meaning given that term pursuant to rules adopted by the Oregon  
26 Business Development Department.

27 (2) "Eligible employer" means an employer that[.]

28 [(a)] has entered into a contract with a project sponsor to conduct a business in the traded  
29 sector industry on a regionally significant industrial site[; and]

30 [(b) *Has hired full-time employees who are residents of this state and whose compensation averages*

**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 at least 150 percent of the county or state average wage, whichever is less].

2 (3) [*“Estimated incremental income tax revenues” means the Oregon personal income tax revenues*  
 3 *that are estimated pursuant to ORS 285B.630 to be substantially equivalent to the amount of tax that*  
 4 *employees of an eligible employer who are hired after the eligible employer enters into a contract with*  
 5 *a qualified project sponsor to conduct a traded sector business on a certified regionally significant in-*  
 6 *dustrial site will be required to pay under ORS chapter 316 as a result of compensation paid to the*  
 7 *employees by the eligible employer in the tax years beginning with the tax year following the fifth tax*  
 8 *year in which a project sponsor was qualified under ORS 285B.627.] **“Incremental income tax re-**  
 9 **venues” means the Oregon personal income tax revenues that are equivalent to the amount**  
 10 **of tax that employees of an eligible employer who are hired after the eligible employer enters**  
 11 **into a contract with a qualified project sponsor to conduct a traded sector business on a**  
 12 **designated regionally significant industrial site have paid under ORS chapter 316 as a result**  
 13 **of compensation paid to the employees by the eligible employer in the tax years beginning**  
 14 **with the first tax year following the tax year in which a project sponsor was qualified under**  
 15 **ORS 285B.627.***

16 (4) “Industrial use” means employment activities, including but not limited to manufacturing,  
 17 assembly, fabrication, processing, storage, logistics, warehousing, importation, distribution, trans-  
 18 shipment and research and development, that generate income from the production, handling or  
 19 distribution of goods or services, including goods or services in the traded sector.

20 (5) “Project sponsor” means:

21 (a) A public owner of a regionally significant industrial site that is investing in preparation of  
 22 the site for industrial use by a third party; or

23 (b) A public entity that has entered into a development or other agreement with the private  
 24 owner of a regionally significant industrial site to prepare the site for industrial use.

25 (6) “Regionally significant industrial site” means [*an area*] **a site** planned and zoned for indus-  
 26 trial use that:

27 (a)(A) [*Contains a site or sites, including brownfields, that are*] **Is** suitable for the location of new  
 28 industrial uses or the expansion of existing industrial uses and that can provide significant addi-  
 29 tional employment in the region;

30 (B) Has site characteristics that [*give the area*] **provide** significant competitive advantages that  
 31 are difficult or impossible to replicate in the region; and

32 (C) Has superior access to transportation and freight infrastructure, including but not limited  
 33 to rail, port, airport, multimodal freight or transshipment facilities and other major transportation  
 34 facilities or routes; or

35 (b) Is [*land*] **located in an area** designated by Metro, as defined in ORS 197.015, as a regionally  
 36 significant industrial area.

37 (7) “Traded sector” has the meaning given that term in ORS 285A.010.

38 [(8) “Wage” has the meaning given that term pursuant to rules adopted by the Oregon Business  
 39 Development Department.]

40 **SECTION 3.** ORS 285B.627 is amended to read:

41 285B.627. (1) In consultation with the Department of Revenue, the Oregon Business Development  
 42 Department shall establish and administer the Oregon Industrial Site Readiness Program. The pur-  
 43 pose of the program is to:

44 (a) Enter into tax reimbursement arrangements with qualified project sponsors pursuant to  
 45 subsection (5) of this section; or

1 (b) Provide loans, including forgivable loans, to qualified project sponsors pursuant to subsection  
2 (5) of this section.

3 (2)(a) Subject to standards and procedures that the Oregon Business Development Department  
4 shall establish by rule, the department shall [*certify*] **designate** regionally significant industrial sites  
5 for inclusion in the program.

6 (b) A regionally significant industrial site [*certified*] **designated** under this section must be an  
7 industrial site that is planned and zoned for industrial use.

8 (3) A project sponsor may apply to participate in the program by submitting an application and  
9 development plan in writing in a form prescribed by the department by rule.

10 (4) The department shall establish by rule criteria and standards for the qualification of project  
11 sponsors to participate in the program.

12 (5) Upon qualification of a project sponsor under this section, and before July 1, 2023, the de-  
13 partment may:

14 (a) Enter into a tax reimbursement arrangement with the project sponsor pursuant to which the  
15 project sponsor shall receive an amount equal to 50 percent of the [*estimated*] incremental income  
16 tax revenues generated by an eligible employer per tax year, beginning with the **first** tax year fol-  
17 lowing the [*fifth*] tax year in which a project sponsor is qualified under this section, until the total  
18 investment of the qualified project sponsor in the eligible site preparation costs, including interest,  
19 established under subsection (7) of this section has been recovered, at which time the tax re-  
20 imbursement arrangement shall end; or

21 (b) Enter into a loan agreement with the project sponsor under terms and conditions specified  
22 and required by the department. In making a determination to enter into a loan agreement with the  
23 project sponsor, the department shall consider the reasonableness of the project sponsor's estimated  
24 costs to prepare the site for industrial use, including but not limited to eligible site preparation  
25 costs established by the department pursuant to subsection (7) of this section. The agreement may  
26 specify that a portion of the loan may be forgiven if the project sponsor enters into a contract with  
27 an eligible employer to conduct a business in the traded sector industry on a regionally significant  
28 industrial site within seven years after the project sponsor was qualified under this section.

29 (6)(a) The total amount of the loan that may be forgiven under subsection (5) of this section is  
30 the lesser of:

31 (A) Fifty percent of the total cost of eligible site preparation costs; or

32 (B) Fifty percent of the amount of the [*estimated*] incremental income tax revenues for the eli-  
33 gible employer for the term of the loan.

34 (b) Loan forgiveness may not be allowed under subsection (5) of this section if any portion of  
35 the loan that would not be forgiven would be repaid by the project sponsor with state funds received  
36 from any source.

37 (7) The department shall establish, by rule, eligible site preparation costs including, but not  
38 limited to, some or all of the following:

39 (a) Acquisition and assembly costs associated with creating large development parcels.

40 (b) Transportation improvements such as access roads, intersections, turning lanes, signals,  
41 sidewalks, curbs, transit stops and storm drains.

42 (c) Water and sewer infrastructure.

43 (d) Natural resource mitigation.

44 (e) Site grading activities.

45 (f) Environmental remediation and mitigation activities to address brownfields issues in accord-

1 ance with state and federally approved remediation plans.

2 (g) Planning, engineering and administrative costs associated with applying for necessary local,  
3 state and federal permits.

4 (h) Interest-carrying costs incurred by a project sponsor for amounts borrowed to develop a re-  
5 regionally significant industrial site, not to exceed 20 percent of the total amount forgiven, if any,  
6 under subsection (5) of this section.

7 (8) The total amount of tax reimbursement arrangements and loan amounts authorized under this  
8 section may not exceed \$10 million per year.

9 (9) Funds received pursuant to a tax reimbursement arrangement or a loan agreement under  
10 subsection (5) of this section may not be used for the payment of:

11 (a) A penalty or fine; or

12 (b) Environmental remediation activities conducted at a regionally significant industrial site that  
13 is listed or proposed to be listed as a national priority pursuant to the Comprehensive Environ-  
14 mental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9605) for which the project  
15 sponsor, eligible employer or any party to the tax reimbursement arrangement or loan agreement  
16 is liable under 42 U.S.C. 9607 at that regionally significant industrial site.

17 (10) The department shall adopt rules to administer and implement the provisions of this section  
18 *[including, but not limited to, the development of performance measures for eligible employers regarding*  
19 *job creation and compensation under ORS 285B.626 (2)(b)].*

20 **SECTION 4.** ORS 285B.630 is amended to read:

21 285B.630. (1) Beginning with the **first** tax year following the *[fifth]* tax year in which a project  
22 sponsor was qualified under ORS 285B.627, on or before April 1 following each tax year in which  
23 employees of an eligible employer will be required to pay personal income taxes under ORS chapter  
24 316, the eligible employer and the project sponsor with which the eligible employer has entered into  
25 a contract under ORS 285B.625 to 285B.632 shall submit a report to the Oregon Business Develop-  
26 ment Department, in addition to any other reporting or filing requirement, that contains the annual  
27 amount of taxable income and total compensation paid to employees of the eligible employer and any  
28 other information that may be required by the Oregon Business Development Department and the  
29 Oregon Department of Administrative Services under this section.

30 (2) Upon receipt of information compiled under subsection (1) of this section, the Oregon De-  
31 partment of Administrative Services shall determine the annual amount of *[estimated]* incremental  
32 income tax revenues generated by an eligible employer per tax year, beginning with the **first** tax  
33 year following the *[fifth]* tax year in which a project sponsor was qualified under ORS 285B.627.

34 (3) In determining the amount of *[estimated]* incremental income tax revenues generated by an  
35 eligible employer under this section, the Oregon Department of Administrative Services may rely  
36 on reasonable techniques of estimation, if appropriate.

37 (4) Not later than May 15 of each fiscal year, the Oregon Department of Administrative Services  
38 shall certify the amounts determined under subsection (2) of this section to the Department of Re-  
39 venue, the Legislative Revenue Officer and the Legislative Fiscal Officer.

40 (5) Not later than June 15 of each fiscal year, after receiving the certification under subsection  
41 (4) of this section, the Department of Revenue shall transfer to the Oregon Industrial Site Readiness  
42 Program Fund established in ORS 285B.632 an amount equal to 50 percent of the amount of *[esti-*  
43 *mated]* incremental income tax revenues certified under subsection (4) of this section, **not to exceed**  
44 **the amount of eligible site preparation costs, including interest, established under ORS**  
45 **285B.627 (7).**

1 (6) The Department of Revenue shall retain unreceipted revenue from the tax imposed under  
2 ORS chapter 316 in an amount necessary to make the transfers required under subsection (5) of this  
3 section. The department shall make the transfers out of the unreceipted revenue in lieu of paying  
4 the revenue over to the State Treasurer for deposit in the General Fund.

5 (7) The Oregon Business Development Department and the Oregon Department of Administra-  
6 tive Services shall adopt rules necessary to administer this section. The Department of Revenue may  
7 adopt rules necessary to administer this section.

8 **SECTION 5. No later than September 15, 2018, the Oregon Business Development De-**  
9 **partment shall submit a report to the interim legislative committees on economic develop-**  
10 **ment regarding the Oregon Industrial Site Readiness Program.**

11 **SECTION 6. Section 5 of this 2017 Act is repealed on January 2, 2019.**

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

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