

**A-Engrossed**  
**Senate Bill 936**

Ordered by the Senate April 24  
Including Senate Amendments dated April 24

Sponsored by Senator JOHNSON (at the request of Association of Oregon Counties)

**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.

Increases in increments taxable portion of value of eligible project property under strategic investment program [*and eliminates difference in taxation of projects in urban and*] **for projects located in rural areas**. Increases cap on community services fee.

Takes effect on 91st day following adjournment sine die.

**A BILL FOR AN ACT**

1  
2 Relating to the strategic investment program; creating new provisions; amending ORS 285C.609,  
3 285C.615 and 307.123; and prescribing an effective date.

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

5 **SECTION 1.** ORS 307.123 is amended to read:

6 307.123. (1) Except as provided in subsection [(3)] (4) of this section, real or personal property  
7 that the Oregon Business Development Commission, acting pursuant to ORS 285C.606, has deter-  
8 mined is an eligible project under ORS 285C.600 to 285C.635 shall be subject to assessment and  
9 taxation as [*follows:*] **provided in this section.**

10 [(a)] (2)(a) [*That portion*] **The following portions** of the real market value of the eligible project  
11 [*that equals the minimum cost of the project under ORS 285C.606 (1)(c)*], increased annually for growth  
12 at the rate of three percent, shall be taxable at the taxable portion's assessed value under ORS  
13 308.146[.]:

14 **(A) The minimum cost of the project under ORS 285C.606 (1)(c)(A); or**

15 **(B) If the project is located in a rural area as defined in ORS 285C.600:**

16 **(i) \$25 million for a project with a total cost of not more than \$500 million.**

17 **(ii) \$50 million for a project with a total cost of more than \$500 million and not more than**  
18 **\$1 billion.**

19 **(iii) \$100 million for a project with a total cost of more than \$1 billion.**

20 **(b)** The taxable portion of real market value, as adjusted, shall be allocated as follows until the  
21 entire amount is assigned: first to land, second to buildings, third to real property machinery and  
22 equipment and last to personal property.

23 [(b)] (c) The remainder of the real market value shall be exempt from taxation for a period of  
24 15 years from the beginning of the tax year after the earliest of the following dates:

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

27 (B) The expiration of the exemption for commercial facilities under construction under ORS

**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.

1 307.330.

2 [(2)] (3) If the real market value of the property falls below the value determined under sub-  
3 section [(1)(a)] (2)(a) of this section, the owner or lessee shall pay taxes only on the assessed value  
4 of the property.

5 [(3)] (4) Notwithstanding subsection (1) of this section, real or personal property that has re-  
6 ceived an exemption under ORS 285C.175 may not be assessed under this section.

7 [(4)] (5) The Department of Revenue may adopt rules and prescribe forms that the department  
8 determines are necessary for administration of this section.

9 [(5)] (6) The determination by the Oregon Business Development Commission that a project is  
10 an eligible project that may receive a tax exemption under this section shall be conclusive, so long  
11 as the property included in the eligible project is constructed and installed in accordance with the  
12 application approved by the commission.

13 [(6)] (7) Notwithstanding subsection (1) of this section, if the owner or lessee of property exempt  
14 under this section fails to pay the fee required under ORS 285C.609 (4)(b) by the end of the tax year  
15 in which it is due, the exemption shall be revoked and the property shall be fully taxable for the  
16 following tax year and for each subsequent tax year for which the fee remains unpaid. If an unpaid  
17 fee is paid after the exemption is revoked, the property shall again be eligible for the exemption  
18 provided under this section, beginning with the tax year after the payment is made. Reinstatement  
19 of the exemption under this subsection shall not extend the 15-year exemption period provided for  
20 in subsection [(1)(b)] (2)(c) of this section.

21 **SECTION 2. The amendments to ORS 307.123 by section 1 of this 2017 Act apply to**  
22 **projects first determined by the Oregon Business Development Commission to be eligible**  
23 **projects under ORS 285C.600 to 285C.635 on or after July 1, 2017.**

24 **SECTION 3.** ORS 285C.609 is amended to read:

25 285C.609. (1) A determination under ORS 285C.606 (1) by the Oregon Business Development  
26 Commission that a project shall be exempt from property taxation under ORS 307.123 must be re-  
27 quested by official action of the governing body of the county taken at a regular or duly called  
28 special meeting thereof by the affirmative vote of a majority of its members.

29 (2) The governing body of any Oregon county shall forward appropriate prospective eligible  
30 projects to the Oregon Business Development Department for processing.

31 (3) For purposes of this section, for projects located on a federally recognized Oregon Indian  
32 reservation, the governing body of a county shall be considered to be the governing body of the  
33 federally recognized Oregon Indian tribe.

34 (4) The county may not make the request under subsection (1) of this section unless, after a  
35 public hearing:

36 (a) The county and, if the proposed eligible project will be located within a city, the city have  
37 entered into an agreement with the business firm, as described in this subsection.

38 (b) The agreement provides for the payment of a fee by the business firm, as follows:

39 (A) The fee shall be for community services support that relates to the direct impact of the el-  
40 ible project on public services.

41 (B) The fee shall be in an amount equal to 25 percent of the property taxes that would, but for  
42 the exemption, be due on the exempt property in each assessment year, but not exceeding [2] \$2.5  
43 million in any year [or, if the eligible project is located in a rural area, \$500,000 in any year].

44 (C) The fee shall be paid annually during the tax exemption period, as of a date set forth in the  
45 agreement.

1 (c) The agreement provides for the refunding or crediting of overpayments, for interest on late  
2 payments or underpayments and for the manner in which the appeal of the assessed value of the  
3 property included in the project will affect the fee.

4 (5) The agreement described in subsection (4) of this section may provide for any other re-  
5 quirements related to the project.

6 (6)(a) The fee collected under subsection (4)(b) of this section shall be distributed by the county  
7 based on an agreement. The agreement is effective only if:

8 (A) The county and the city, if any, in which the eligible project is located have entered into  
9 the agreement; and

10 (B) Local taxing districts listed in ORS 198.010 or 198.180 that constitute at least 75 percent of  
11 the property tax authority of all local taxing districts listed in ORS 198.010 or 198.180 in the code  
12 area in which the eligible project is located have entered into the agreement.

13 (b) If an effective agreement is not entered into under paragraph (a) of this subsection within  
14 three months after the date of the determination by the commission under ORS 285C.606 (1), the  
15 commission shall, by official action, establish a formula for distributing the fee collected under  
16 subsection (4)(b) of this section.

17 **SECTION 4. The amendments to ORS 285C.609 by section 3 of this 2017 Act apply to fees**  
18 **for community services support provided for in agreements entered into under ORS 285C.609**  
19 **on or after the effective date of this 2017 Act.**

20 **SECTION 5.** ORS 285C.615 is amended to read:

21 285C.615. (1) On or before April 1 following each tax year that property is exempt under ORS  
22 307.123, the business firm that owns or leases the exempt property shall submit a report to the  
23 Oregon Business Development Department, in addition to any other reporting or filing requirement.

24 (2) The report shall be in a form prescribed by the Oregon Business Development Department  
25 and shall include:

26 (a) The assessed value and location of taxable and exempt property constituting the eligible  
27 project and the corresponding payment and savings of property taxes for the tax year, as ascer-  
28 tained from the county assessor;

29 (b) The amount and disposition of fees and other amounts paid by the business firm pursuant to  
30 the agreement with the county under ORS 285C.609 in the immediately preceding calendar year;

31 (c) The average number of persons hired or employed by the business firm in association with  
32 the eligible project, determined by dividing the total number of hours for which such hired or em-  
33 ployed persons were paid during the immediate prior calendar year by 2,080;

34 (d) The annual amount of taxable income and total compensation paid to employees as described  
35 in paragraph (c) of this subsection;

36 (e) Numbers and amounts as described in paragraphs (c) and (d) of this subsection for retained  
37 jobs and newly created jobs for the eligible project; and

38 (f) Any other information required by the department.

39 (3)(a) If a business firm fails to provide a report required under this section or to verify infor-  
40 mation as requested by the Oregon Business Development Department, the Oregon Business Devel-  
41 opment Commission, upon recommendation by the department, may suspend the determination of the  
42 commission that the project receive the tax exemption provided for in ORS 307.123.

43 (b) If the commission suspends the determination of eligibility under this subsection, the ex-  
44 emption is revoked as provided in ORS 307.123 [(6)] (7), until the department receives the report.

45 (c) Upon receipt of a report required under this section or the information requested by the

1 department, the department shall notify the commission and the commission shall rescind the sus-  
2 pension under this subsection.

3 (4) Information collected under this section may be used by the Oregon Business Development  
4 Department to make aggregate figures and analyses of activity under the strategic investment pro-  
5 gram publicly available.

6 (5) Specific data concerning the financial performance of individual firms collected under this  
7 section is exempt from public disclosure under ORS chapter 192.

8 (6) After receiving the reports required under this section, the Oregon Business Development  
9 Department shall compile and organize the reported information for purposes of ORS 285C.635 and  
10 transmit it to the Oregon Department of Administrative Services. The Oregon Business Develop-  
11 ment Department shall transmit the information not later than April 15.

12 (7) The Oregon Business Development Department shall adopt rules the department considers  
13 necessary to administer ORS 285C.600 to 285C.635.

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

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