

Requested by HOUSE COMMITTEE ON REVENUE

**PROPOSED AMENDMENTS TO
A-ENGROSSED HOUSE BILL 3146**

1 On page 1 of the printed A-engrossed bill, line 3, delete “285C.160,” and
2 insert “285C.050, 285C.160, 285C.400,”.

3 Delete lines 6 through 26 and delete page 2.

4 On page 3, delete lines 1 through 41 and insert:

5 **“SECTION 1.** ORS 285C.160 is amended to read:

6 “285C.160. (1) An eligible business firm seeking authorization under ORS
7 285C.140 and the sponsor of the enterprise zone in which the firm intends to
8 invest may enter into a written agreement to extend the period during which
9 the qualified property is exempt from taxation under ORS 285C.175 if the
10 firm complies with the terms of the agreement.

11 “(2) The period for which the qualified property is to continue to be ex-
12 empt must be set forth in the agreement and may not exceed two additional
13 tax years.

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

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

21 “(A)(i) Annually compensate all new employees hired by the firm at an

1 average rate of [*not less than*] **at least** 150 percent of the county average
2 annual wage for each assessment year during the tax exemption period, as
3 determined at the time of authorization[.]; **or**

4 **“(ii) If the enterprise zone is located in a rural compensation**
5 **county, annually compensate all new employees hired by the firm at**
6 **an average rate of at least 130 percent of the county average annual**
7 **wage for each assessment year during the tax exemption period, as**
8 **determined at the time of authorization; and**

9 **“(B) Meet** any additional requirement that the sponsor may reasonably
10 request.

11 **“(b) If the enterprise zone is an urban enterprise zone located inside a**
12 **metropolitan statistical area of 400,000 residents or more, the agreement**
13 **must require that the firm meet any additional requirement the sponsor may**
14 **reasonably require.**

15 **“(4) If a firm enters into an agreement under this section that includes**
16 **a compensation requirement under subsection (3)(a)(A) of this section and**
17 **the firm subsequently submits one or more statements of continued intent**
18 **under ORS 285C.165, notwithstanding the terms of the agreement made under**
19 **this section, for each statement of continued intent submitted, the county**
20 **average annual wage under subsection (3)(a)(A) of this section shall be ad-**
21 **justed to a level that is current with the statement.**

22 **“SECTION 2. ORS 285C.050 is amended to read:**

23 **“285C.050. As used in ORS 285C.050 to 285C.250, unless the context re-**
24 **quires otherwise:**

25 **“(1) ‘Assessment date’ and ‘assessment year’ have the meanings given**
26 **those terms in ORS 308.007.**

27 **“(2) ‘Authorized business firm’ means an eligible business firm that has**
28 **been authorized under ORS 285C.140.**

29 **“(3) ‘Business firm’ means a person operating or conducting one or more**
30 **trades or businesses, a people’s utility district organized under ORS chapter**

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

4 “(4) ‘County average annual wage’ means:

5 “(a) The most recently available average annual covered payroll for the
6 county in which the enterprise zone is located, as determined by the Em-
7 ployment Department; or

8 “(b) If the enterprise zone is located in more than one county, the highest
9 county average annual wage as determined under paragraph (a) of this sub-
10 section.

11 “(5) ‘Electronic commerce’ means engaging in commercial or retail trans-
12 actions predominantly over the Internet or a computer network, utilizing the
13 Internet as a platform for transacting business, or facilitating the use of the
14 Internet by other persons for business transactions, and may be further de-
15 fined by the Oregon Business Development Department by rule.

16 “(6) ‘Eligible business firm’ means a firm engaged in an activity described
17 under ORS 285C.135 that may file an application for authorization under
18 ORS 285C.140.

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

22 “(8) ‘Enterprise zone’ means one of the 30 areas designated or terminated
23 and redesignated by order of the Governor under ORS 284.160 (1987 Re-
24 placement Part) before October 3, 1989, one of the areas designated by the
25 Director of the Oregon Business Development Department under ORS
26 285C.080 before October 5, 2015, an area designated under ORS 285C.065, a
27 federal enterprise zone area designated under ORS 285C.085, an area desig-
28 nated under ORS 285C.250 or a reservation enterprise zone designated, or a
29 reservation partnership zone cosponsored, under ORS 285C.306.

30 “(9) ‘Federal enterprise zone’ means any discrete area wholly or partially

1 within this state that is designated as an empowerment zone, an enterprise
2 community, a renewal community or some similar designation for purposes
3 of improving the economic and community development of the area.

4 “(10) ‘First-source hiring agreement’ means an agreement between an au-
5 thorized business firm and a publicly funded job training provider whereby
6 the provider refers qualified candidates to the firm for new jobs and job
7 openings in the firm.

8 “(11) ‘In service’ means being used or occupied or fully ready for use or
9 occupancy for commercial purposes consistent with the intended operations
10 of the business firm as described in the application for authorization.

11 “(12) ‘Modification’ means modernization, renovation or remodeling of an
12 existing building, structure or real property machinery or equipment.

13 “(13) ‘New employees hired by the firm’:

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

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

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

19 “(B) Existed prior to the submission of the relevant application for au-
20 thorization; or

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

22 “(14) ‘Publicly funded job training provider’ includes but is not limited
23 to a community college, a service provider under the federal Workforce In-
24 vestment Act Title I-B (29 U.S.C. 2801 et seq.), or a similar program.

25 “(15) ‘Qualified business firm’ means a business firm described in ORS
26 285C.200, the qualified property of which is exempt from property tax under
27 ORS 285C.175.

28 “(16) ‘Qualified property’ means property described under ORS 285C.180.

29 “(17) **‘Rural compensation county’ means a county:**

30 **“(a) That is outside all metropolitan statistical areas, as defined by**

1 **the most recent federal decennial census; and**

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

6 **“[(17)] (18) ‘Rural enterprise zone’ means:**

7 **“(a) An enterprise zone located in an area of this state in which an urban**
8 **enterprise zone could not be located; or**

9 **“(b) A reservation enterprise zone designated, or a reservation partnership**
10 **zone cosponsored, under ORS 285C.306.**

11 **“[(18)] (19) ‘Sparsely populated county’ means a county with a density of**
12 **100 or fewer persons per square mile, based on the most recently available**
13 **population figure for the county from the Portland State University Popu-**
14 **lation Research Center.**

15 **“[(19)] (20) ‘Sponsor’ means:**

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

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

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

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

27 **“[(20)] (21) ‘Tax year’ has the meaning given that term in ORS 308.007.**

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

1 “[22] (23) ‘Year’ has the meaning given that term in ORS 308.007.

2 **“SECTION 3. The amendments to ORS 285C.050 and 285C.160 by**
3 **sections 1 and 2 of this 2017 Act apply to agreements executed on or**
4 **after the effective date of this 2017 Act.**

5 **“SECTION 4.** ORS 285C.412 is amended to read:

6 “285C.412. In order for a facility of a business firm to continue to be ex-
7 empt from ad valorem property taxation under ORS 285C.409 for a tax year
8 following the first assessment date on which the facility is in service, all of
9 the conditions of any one of the alternative subsections in this section must
10 be met:

11 “(1) In order for the exemption under ORS 285C.409 (1)(c) to be allowable
12 pursuant to this subsection:

13 “(a) By the end of the calendar year in which the facility is placed in
14 service, the total cost of the facility exceeds the lesser of \$25 million or one
15 percent of the real market value of all nonexempt taxable property in the
16 county in which the facility is located, as determined for the assessment year
17 in which the business firm is certified (and rounded to the nearest \$10
18 million of such value);

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

22 “(c) The annual average compensation for employees, based on payroll,
23 at the business firm’s facility [*is*] **must be** at least 150 percent of the average
24 wage in the county in which the facility is located, **or, if the facility is**
25 **located in a rural compensation county, the annual average compen-**
26 **sation must be at least 130 percent of the average wage in the county**
27 **in which the facility is located.** This requirement may be initially met in
28 any year during the first five years after the year in which operation of the
29 facility begins, and thereafter is met if the annual average compensation at
30 the facility for the year exceeds the average wage in the county for the year

1 in which the requirement is initially met.

2 “(2) In order for the exemption under ORS 285C.409 (1)(c) to be allowable
3 pursuant to this subsection:

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

6 “(b) The business firm meets the annual average compensation require-
7 ments set forth in subsection (1)(c) of this section; and

8 “(c)(A) The business firm hires or will hire at least 10 full-time employees
9 at the facility by the end of the third calendar year following the year in
10 which the facility is placed in service, and at the time that the business firm
11 is certified, the location of the facility is in a county with a population of
12 10,000 or fewer; or

13 “(B) The business firm hires or will hire at least 35 full-time employees
14 at the facility by the end of the third calendar year following the year in
15 which the facility is placed in service, and at the time that the business firm
16 is certified, the location of the facility is in a county with a population of
17 40,000 or fewer.

18 “(3) In order for the exemption under ORS 285C.409 (1)(c) to be allowable
19 pursuant to this subsection:

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

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

30 “(c) The business firm meets the annual average compensation require-

1 ments set forth in subsection (1)(c) of this section; and

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

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

7 “(4) In order for the exemption under ORS 285C.409 (1)(c) to be allowable
8 pursuant to this subsection:

9 “(a) Within three years either before or after the property tax year in
10 which the facility is placed in service, the business firm places one or more
11 other facilities in the same or another enterprise zone for which the business
12 firm is certified and otherwise meets the requirements of ORS 285C.400 to
13 285C.420;

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

17 “(c) The business firm meets the annual average compensation require-
18 ments set forth in subsection (1)(c) of this section independently for each
19 facility of the firm; and

20 “(d) The business firm hires or will hire a total of at least 100 full-time
21 employees at all of the firm’s facilities by the end of the fifth calendar year
22 following the year in which the first such facility is placed in service.

23 “(5) In order for the exemption under ORS 285C.409 (1)(c) to be allowable
24 pursuant to this subsection:

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

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

29 “(c) The business firm hires or will hire at least 10 full-time employees
30 at the facility by the end of the third calendar year following the year in

1 which the facility is placed in service; and

2 “(d) The business firm meets the annual average compensation require-
3 ments set forth in subsection (1)(c) of this section.

4 **“SECTION 5.** ORS 285C.400 is amended to read:

5 “285C.400. As used in ORS 285C.400 to 285C.420:

6 “(1) ‘Business firm’ has the meaning given that term in ORS 285C.050.

7 “(2) ‘Certified business firm’ means a business firm that has been certified
8 under ORS 285C.403.

9 “(3) ‘County with chronically low income or chronic unemployment’
10 means, based on the most recently revised annual average unemployment
11 rate or annual per capita income levels available, a county in which:

12 “(a) The median ratio of the per capita personal income of the county to
13 the equivalent annual personal income figure of the entire United States for
14 each year, as reported by the Bureau of Economic Analysis of the United
15 States Department of Commerce, is equal to or less than 0.75 over the last
16 10 years;

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

20 “(c) The population of the county has experienced a negative net mi-
21 gration, irrespective of natural population change, since the most recent
22 federal decennial census occurring three or more years prior to the current
23 estimated population figure for the county, based on available population
24 statistics.

25 “(4) ‘Facility’ means the land, real property improvements and personal
26 property that are used:

27 “(a) At a location in a rural enterprise zone that is identified in the ap-
28 plication for certification under ORS 285C.403; and

29 “(b) In those business operations of the business firm that are the subject
30 of the application for certification under ORS 285C.403.

1 **“(5) ‘Rural compensation county’ means a county:**

2 **“(a) That is outside all metropolitan statistical areas, as defined by**
3 **the most recent federal decennial census; and**

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

8 **“[(5)] (6) ‘Rural enterprise zone’ has the meaning given that term in ORS**
9 **285C.050.**

10 **“SECTION 6. The amendments to ORS 285C.400 and 285C.412 by**
11 **sections 4 and 5 of this 2017 Act apply to exemptions allowed under**
12 **ORS 285C.409 (1)(c) on or after the effective date of this 2017 Act.”.**

13 In line 42, delete “5” and insert “7”.

14 On page 5, line 28, delete “6” and insert “8” and delete “5” and insert
15 “7”.

16 In line 30, delete “7” and insert “9”.

17 On page 6, line 14, delete “8” and insert “10” and delete “7” and insert
18 “9”.

19 In line 17, delete “9” and insert “11”.

20 On page 7, line 15, delete “10” and insert “12” and delete “9” and insert
21 “11”.

22 In line 18, delete “11” and insert “13”.

23