

Requested by JOINT COMMITTEE ON TAX CREDITS

**PROPOSED AMENDMENTS TO
A-ENGROSSED HOUSE BILL 2066**

1 In line 2 of the printed A-engrossed bill, delete “316.824” and insert
2 “285B.600, 285C.050, 285C.160, 285C.400, 285C.403, 285C.412, 285C.503, 314.752,
3 315.613, 317.090, 317.097 and 318.031 and section 6, chapter 739, Oregon Laws
4 2007, sections 11, 21, 25 and 30, chapter 913, Oregon Laws 2009, and section
5 45, chapter 701, Oregon Laws 2015”.

6 Delete lines 5 through 23 and insert:

7

8

“RESERVATION ENTERPRISE ZONES

9

10 **“SECTION 1.** Section 21, chapter 913, Oregon Laws 2009, as amended by
11 section 28, chapter 76, Oregon Laws 2010, is amended to read:

12 **“Sec. 21.** A credit may not be claimed under ORS 285C.309 for tax years
13 beginning on or after January 1, [2018] **2028.**

14 **“SECTION 2. ORS 285C.309 is added to and made a part of ORS**
15 **chapter 315.**

16

17

“AFFORDABLE HOUSING LENDERS

18

19 **“SECTION 3.** Section 30, chapter 913, Oregon Laws 2009, as amended by
20 section 1, chapter 475, Oregon Laws 2011, is amended to read:

21 **“Sec. 30.** The Housing and Community Services Department may not is-

1 sue a certificate under ORS 317.097 on or after January 1, [2020] **2026**.

2 **“SECTION 4.** ORS 317.097, as amended by section 23, chapter 33, Oregon
3 Laws 2016, is amended to read:

4 “317.097. (1) As used in this section:

5 “(a) ‘Annual rate’ means the yearly interest rate specified on the note,
6 and not the annual percentage rate, if any, disclosed to the applicant to
7 comply with the federal Truth in Lending Act.

8 “(b) ‘Finance charge’ means the total of all interest, loan fees, interest
9 on any loan fees financed by the lending institution, and other charges re-
10 lated to the cost of obtaining credit.

11 “(c) ‘Lending institution’ means any insured institution, as that term is
12 defined in ORS 706.008, any mortgage banking company that maintains an
13 office in this state or any community development corporation that is or-
14 ganized under the Oregon Nonprofit Corporation Law.

15 “(d) ‘Manufactured dwelling park’ has the meaning given that term in
16 ORS 446.003.

17 “(e) ‘Nonprofit corporation’ means a corporation that is exempt from in-
18 come taxes under section 501(c)(3) or (4) of the Internal Revenue Code as
19 amended and in effect on December 31, 2015.

20 “(f) ‘Preservation project’ means housing that was previously developed
21 as affordable housing with a contract for rent assistance from the United
22 States Department of Housing and Urban Development or the United States
23 Department of Agriculture and that is being acquired by a sponsoring entity.

24 “(g) ‘Qualified assignee’ means any investor participating in the second-
25 ary market for real estate loans.

26 “(h) ‘Qualified borrower’ means any borrower that is a sponsoring entity
27 that has a controlling interest in the real property that is financed by a
28 qualified loan. A controlling interest includes, but is not limited to, a con-
29 trolling interest in the general partner of a limited partnership that owns
30 the real property.

1 “(i) ‘Qualified loan’ means:

2 “(A) A loan that meets the criteria stated in subsection (5) of this section
3 or that is made to refinance a loan that meets the criteria described in sub-
4 section (5) of this section; or

5 “(B) The purchase by a lending institution of bonds, as defined in ORS
6 286A.001, issued on behalf of the Housing and Community Services Depart-
7 ment, the proceeds of which are used to finance or refinance a loan that
8 meets the criteria described in subsection (5) of this section.

9 “(j) ‘Sponsoring entity’ means a nonprofit corporation, nonprofit cooper-
10 ative, state governmental entity, local unit of government as defined in ORS
11 466.706, housing authority or any other person, provided that the person has
12 agreed to restrictive covenants imposed by a nonprofit corporation, nonprofit
13 cooperative, state governmental entity, local unit of government or housing
14 authority.

15 “(2) The Department of Revenue shall allow a credit against taxes other-
16 wise due under this chapter for the taxable year to a lending institution that
17 makes a qualified loan certified by the Housing and Community Services
18 Department as provided in subsection (7) of this section. The amount of the
19 credit is equal to the difference between:

20 “(a) The amount of finance charge charged by the lending institution
21 during the taxable year at an annual rate less than the market rate for a
22 qualified loan that is made before January 1, [2020] **2026**, that complies with
23 the requirements of this section; and

24 “(b) The amount of finance charge that would have been charged during
25 the taxable year by the lending institution for the qualified loan for housing
26 construction, development, acquisition or rehabilitation measured at the an-
27 nual rate charged by the lending institution for nonsubsidized loans made
28 under like terms and conditions at the time the qualified loan for housing
29 construction, development, acquisition or rehabilitation is made.

30 “(3) The maximum amount of credit for the difference between the

1 amounts described in subsection (2)(a) and (b) of this section may not exceed
2 four percent of the average unpaid balance of the qualified loan during the
3 tax year for which the credit is claimed.

4 “(4) Any tax credit allowed under this section that is not used by the
5 taxpayer in a particular year may be carried forward and offset against the
6 taxpayer’s tax liability for the next succeeding tax year. Any credit remain-
7 ing unused in the next succeeding tax year may be carried forward and used
8 in the second succeeding tax year, and likewise, any credit not used in that
9 second succeeding tax year may be carried forward and used in the third
10 succeeding tax year, and any credit not used in that third succeeding tax
11 year may be carried forward and used in the fourth succeeding tax year, and
12 any credit not used in that fourth succeeding tax year may be carried for-
13 ward and used in the fifth succeeding tax year, but may not be carried for-
14 ward for any tax year thereafter.

15 “(5) To be eligible for the tax credit allowable under this section, a
16 lending institution must make a qualified loan by either purchasing bonds,
17 as defined in ORS 286A.001, issued on behalf of the Housing and Community
18 Services Department, the proceeds of which are used to finance or refinance
19 a loan that meets the criteria stated in this subsection, or by making a loan
20 directly to:

21 “(a) An individual or individuals who own a dwelling, participate in an
22 owner-occupied community rehabilitation program and are certified by the
23 local government or its designated agent as having an income level when the
24 loan is made of less than 80 percent of the area median income;

25 “(b) A qualified borrower who:

26 “(A) Uses the loan proceeds to finance construction, development, acqui-
27 sition or rehabilitation of housing; and

28 “(B) Provides a written certification executed by the Housing and Com-
29 munity Services Department that the:

30 “(i) Housing created by the loan is or will be occupied by households

1 earning less than 80 percent of the area median income; and

2 “(ii) Full amount of savings from the reduced interest rate provided by
3 the lending institution is or will be passed on to the tenants in the form of
4 reduced housing payments, regardless of other subsidies provided to the
5 housing project;

6 “(c) Subject to subsection (14) of this section, a qualified borrower who:

7 “(A) Uses the loan proceeds to finance construction, development, acqui-
8 sition or rehabilitation of housing consisting of a manufactured dwelling
9 park; and

10 “(B) Provides a written certification executed by the Housing and Com-
11 munity Services Department that the housing will continue to be operated
12 as a manufactured dwelling park during the period for which the tax credit
13 is allowed; or

14 “(d) A qualified borrower who:

15 “(A) Uses the loan proceeds to finance acquisition or rehabilitation of
16 housing consisting of a preservation project; and

17 “(B) Provides a written certification executed by the Housing and Com-
18 munity Services Department that the housing preserved by the loan:

19 “(i) Is or will be occupied by households earning less than 80 percent of
20 the area median income; and

21 “(ii) Is the subject of a rent assistance contract with the United States
22 Department of Housing and Urban Development or the United States De-
23 partment of Agriculture that will be maintained by the qualified borrower.

24 “(6) A loan made to refinance a loan that meets the criteria stated in
25 subsection (5) of this section must be treated the same as a loan that meets
26 the criteria stated in subsection (5) of this section.

27 “(7) For a qualified loan to be eligible for the tax credit allowable under
28 this section, the Housing and Community Services Department must execute
29 a written certification for the qualified loan that:

30 “(a) Specifies the period, not to exceed 20 years, as determined by the

1 Housing and Community Services Department, during which the tax credit
2 is allowed for the qualified loan; and

3 “(b) States that the qualified loan is within the limitation imposed by
4 subsection (8) of this section.

5 “(8) The Housing and Community Services Department may certify quali-
6 fied loans that are eligible under subsection (5) of this section if the total
7 credits attributable to all qualified loans eligible for credits under this sec-
8 tion and then outstanding do not exceed [*\$17 million*] **\$25 million** for any
9 fiscal year. In making loan certifications under subsection (7) of this section,
10 the Housing and Community Services Department shall attempt to distribute
11 the tax credits statewide, but shall concentrate the tax credits in those areas
12 of the state that are determined by the Oregon Housing Stability Council to
13 have the greatest need for affordable housing.

14 “(9) The tax credit provided for in this section may be taken whether or
15 not:

16 “(a) The financial institution is eligible to take a federal income tax
17 credit under section 42 of the Internal Revenue Code with respect to the
18 project financed by the qualified loan; or

19 “(b) The project receives financing from bonds, the interest on which is
20 exempt from federal taxation under section 103 of the Internal Revenue Code.

21 “(10) For a qualified loan defined in subsection (1)(i)(B) of this section
22 financed through the purchase of bonds, the interest of which is exempt from
23 federal taxation under section 103 of the Internal Revenue Code, the amount
24 of finance charge that would have been charged under subsection (2)(b) of
25 this section is determined by reference to the finance charge that would have
26 been charged if the federally tax exempt bonds had been issued and the tax
27 credit under this section did not apply.

28 “(11) A lending institution may sell a qualified loan for which a certi-
29 fication has been executed to a qualified assignee whether or not the lending
30 institution retains servicing of the qualified loan so long as a designated

1 lending institution maintains records, annually verified by a loan servicer,
2 that establish the amount of tax credit earned by the taxpayer throughout
3 each year of eligibility.

4 “(12) Notwithstanding any other provision of law, a lending institution
5 that is a community development corporation organized under the Oregon
6 Nonprofit Corporation Law may transfer all or part of a tax credit allowed
7 under this section to one or more other lending institutions that are stock-
8 holders or members of the community development corporation or that oth-
9 erwise participate through the community development corporation in the
10 making of one or more qualified loans for which the tax credit under this
11 section is allowed.

12 “(13) The lending institution shall file an annual statement with the
13 Housing and Community Services Department, specifying that it has con-
14 formed with all requirements imposed by law to qualify for a tax credit under
15 this section.

16 “(14) Notwithstanding subsection (1)(h) and (j) of this section, a qualified
17 borrower on a loan to finance the construction, development, acquisition or
18 rehabilitation of a manufactured dwelling park under subsection (5)(c) of this
19 section must be a nonprofit corporation, manufactured dwelling park
20 nonprofit cooperative, state governmental entity, local unit of government
21 as defined in ORS 466.706 or housing authority.

22 “(15) The Housing and Community Services Department and the Depart-
23 ment of Revenue may adopt rules to carry out the provisions of this section.

24 **“SECTION 5. The amendments to ORS 317.097 by section 4 of this**
25 **2017 Act apply to tax years beginning on or after January 1, 2018.**

26

27 **“BOVINE MANURE TAX CREDIT**

28

29 **“SECTION 6. Section 7 of this 2017 Act is added to and made a part**
30 **of ORS chapter 315.**

1 **“SECTION 7. (1) As used in this section:**

2 **“(a) ‘Biofuel’ means liquid, gaseous or solid fuels, derived from**
3 **biomass, that have been converted into a processed fuel ready for use**
4 **as energy by a biofuel producer’s customers or for direct biomass en-**
5 **ergy use at the biofuel producer’s site.**

6 **“(b) ‘Biofuel producer’ means a person that, through activities in**
7 **Oregon:**

8 **“(A) Alters the physical makeup of biomass to convert it into**
9 **biofuel;**

10 **“(B) Changes one biofuel into another type of biofuel; or**

11 **“(C) Uses biomass in Oregon to produce energy.**

12 **“(c) ‘Bovine manure’ means, subject to subsection (2) of this sec-**
13 **tion, cow manure that is produced by cows on Oregon farms.**

14 **“(d) ‘Bovine manure producer or collector’ means a person that**
15 **produces or collects bovine manure in Oregon that is used, in Oregon,**
16 **as biofuel or to produce biofuel.**

17 **“(2) The Director of Agriculture may adopt rules to define criteria,**
18 **only as the criteria apply to bovine manure, to determine additional**
19 **characteristics of bovine manure for purposes of this section.**

20 **“(3)(a) A bovine manure producer or collector shall be allowed a**
21 **credit against the taxes that would otherwise be due under ORS**
22 **chapter 316 or, if the taxpayer is a corporation, under ORS chapter 317**
23 **or 318 for the collection of bovine manure in Oregon that is used, in**
24 **Oregon, as biofuel or to produce biofuel.**

25 **“(b) A credit under this section may be claimed in the tax year in**
26 **which the credit is certified under this section.**

27 **“(c) A credit under this section may be claimed only once for each**
28 **wet ton of bovine manure.**

29 **“(4) The amount of the credit shall be calculated at a rate of \$3.50**
30 **per wet ton, as certified under this section.**

1 “(5)(a) The State Department of Agriculture may establish by rule
2 procedures and criteria for determining the amount of the tax credit
3 to be certified under this section. The department shall provide written
4 certification to taxpayers that are eligible to claim the credit under
5 this section.

6 “(b) The State Department of Agriculture may charge and collect
7 a fee from taxpayers for certification of credits under this section. The
8 fee may not exceed the cost to the department of issuing certifi-
9 cations.

10 “(6) All fees collected under this section shall be deposited in the
11 State Treasury to the credit of the Department of Agriculture Service
12 Fund. Moneys deposited under this section are continuously appropri-
13 ated to the department for the purpose of administering and enforcing
14 the provisions of this section.

15 “(7)(a) The Department of Revenue may by rule require that the
16 State Department of Agriculture provide information about the certi-
17 fication issued under this section, including the name and taxpayer
18 identification number of the taxpayer or other person receiving certi-
19 fication, the date the certification was issued in its final form, the
20 approved amount of credit and the first tax year for which the credit
21 may be claimed.

22 “(b) A taxpayer that is a pass-through entity that has received
23 certification under this section shall provide the information described
24 in paragraph (a) of this section to the Department of Revenue within
25 two months after the close of the tax year in which the certification
26 was issued.

27 “(c) The Department of Revenue shall prescribe by rule the manner
28 and the timing of submission of the information to the department.

29 “(8) The amount of the credit claimed under this section for any tax
30 year may not exceed the tax liability of the taxpayer.

1 **“(9) Each bovine manure producer or collector shall maintain a re-**
2 **cord of the written certification of the amount of the tax credit under**
3 **this section for a period of at least five years after the tax year in**
4 **which the credit is claimed and provide the written certification to the**
5 **Department of Revenue upon request.**

6 **“(10) The credit shall be claimed on a form prescribed by the De-**
7 **partment of Revenue that contains the information required by the**
8 **department.**

9 **“(11) Any tax credit otherwise allowable under this section that is**
10 **not used by the taxpayer in a particular tax year may be carried for-**
11 **ward and offset against the taxpayer’s tax liability for the next suc-**
12 **ceeding tax year. Any credit remaining unused in the next succeeding**
13 **tax year may be carried forward and used in the second succeeding tax**
14 **year, and likewise any credit not used in that second succeeding tax**
15 **year may be carried forward and used in the third succeeding tax year,**
16 **and any credit not used in that third succeeding tax year may be car-**
17 **ried forward and used in the fourth succeeding tax year, but may not**
18 **be carried forward for any tax year thereafter.**

19 **“(12) In the case of a credit allowed under this section:**

20 **“(a) A nonresident shall be allowed the credit under this section in**
21 **the proportion provided in ORS 316.117.**

22 **“(b) If a change in the status of the taxpayer from resident to**
23 **nonresident or from nonresident to resident occurs, the credit allowed**
24 **by this section shall be determined in a manner consistent with ORS**
25 **316.117.**

26 **“(c) If a change in the taxable year of the taxpayer occurs as de-**
27 **scribed in ORS 314.085, or if the department terminates the taxpayer’s**
28 **taxable year under ORS 314.440, the credit allowed under this section**
29 **shall be prorated or computed in a manner consistent with ORS**
30 **314.085.**

1 **“SECTION 8. (1) A person that has obtained a tax credit under**
2 **section 7 of this 2017 Act may transfer the credit to a taxpayer subject**
3 **to tax under ORS chapter 316, 317 or 318. A transfer that occurs on or**
4 **after January 1, 2018, is conditioned upon compliance with this section**
5 **and ORS 315.052 and 315.053.**

6 **“(2) The Department of Revenue may require that the person that**
7 **has earned the credit and the taxpayer that intends to claim the credit**
8 **jointly file a notice of tax credit transfer with the department on or**
9 **before the earliest of the following dates:**

10 **“(a) A date 30 days after the transfer of the credit;**

11 **“(b) The date on which the transferee files a return; or**

12 **“(c) The due date, including extensions, of the transferee’s return.**

13 **“(3) The notice shall be given on a form prescribed by the depart-**
14 **ment that contains:**

15 **“(a) The name and address of the transferor and of the transferee;**

16 **“(b) The taxpayer identification number of the transferor and of the**
17 **transferee;**

18 **“(c) The dates on which the person earning the credit received**
19 **certifications for the credit;**

20 **“(d) The amount of the credit that is certified, the amount that is**
21 **being transferred and the amount that is being retained by the**
22 **transferor; and**

23 **“(e) Any other information required by the department.**

24 **“(4)(a) A transferor may separately transfer the entirety of that**
25 **portion corresponding to the tax year to one or more transferees,**
26 **subject to subsection (5) of this subsection.**

27 **“(b) Any amount of credit that would be allowed due only to a**
28 **carryforward provision may not be transferred.**

29 **“(5) Any transfer of a tax credit or a portion of a tax credit must**
30 **be completed no later than the earliest of the following dates in re-**

1 lation to the tax return on which it is claimed:

2 “(a) The original due date, including extensions, of the transferor’s
3 return;

4 “(b) The date on which the transferor’s return is actually filed;

5 “(c) The original due date, including extensions, of the transferee’s
6 return; or

7 “(d) The date on which the transferee’s return is actually filed.

8 “(6) If the transferor is a tax-exempt entity, the transfer must be
9 completed on or before a date one year after the close of the tax year
10 for which the credit receives final certification. As used in this sub-
11 section, ‘tax-exempt entity’ means a government agency or an organ-
12 ization that is recognized as exempt under section 501(c)(3) of the
13 Internal Revenue Code.

14 “(7) The transferee shall claim the credit in accordance with the
15 provisions of section 7 of this 2017 Act for the tax years in which the
16 credit is allowed.

17 “(8) The department by rule may establish policies and procedures
18 for the implementation of this section.

19 “SECTION 9. (1) Under the procedures for a contested case under
20 ORS chapter 183, the director of the agency responsible for certifying
21 or otherwise determining eligibility or granting approval for a tax
22 credit allowed under section 7 of this 2017 Act may order the suspen-
23 sion, revocation or forfeiture of the tax credit approval or of a portion
24 thereof if the director finds that:

25 “(a) The approval was obtained by fraud or misrepresentation;

26 “(b) The approval was obtained by mistake or miscalculation; or

27 “(c) The taxpayer otherwise violates or has violated a provision that
28 allows or provides for administration of a tax credit.

29 “(2) As soon as an order of revocation under this section becomes
30 final, the director shall notify the Department of Revenue and the

1 person that received the tax credit certification, or other approval, of
2 the order of revocation. Upon notification, the Department of Revenue
3 immediately shall proceed to collect:

4 “(a) If no portion of a credit has been transferred, those taxes not
5 paid by the holder of the certificate or other approval as a result of
6 the tax credits provided to the holder under the revoked approval,
7 from the holder or a successor in interest to the business interests of
8 the holder. All tax credits provided to the holder and attributable to
9 the fraudulently or mistakenly obtained approval or portion of the
10 approval shall be forfeited.

11 “(b) If all of a credit has been transferred, an amount equal to the
12 amount of the tax credits allowable to the transferee under the re-
13 voked approval, from the transferor.

14 “(c) If a portion of a tax credit has been transferred, those taxes
15 not paid by the transferor as a result of the tax credits provided to the
16 transferor pursuant to the revoked approval, from the transferor or a
17 successor in interest to the business interests of the transferor, and
18 an amount equal to the amount of the tax credits allowable to the
19 transferee pursuant to the revoked approval, from the transferor.

20 “(3)(a) The Department of Revenue shall have the benefit of all laws
21 of the state pertaining to the collection of income and excise taxes and
22 may proceed to collect the amounts described in subsection (2) of this
23 section from the person that obtained approval or a successor in in-
24 terest to the business interests of that person. An assessment of tax
25 is not necessary and the collection of taxes described in this subsection
26 is not precluded by any statute of limitations.

27 “(b) For purposes of this subsection, a lender, bankruptcy trustee
28 or other person that acquires an interest through bankruptcy or
29 through foreclosure of a security interest is not considered to be a
30 successor in interest to the business interests of the person that ob-

1 tained approval.

2 “(4) If the approval is ordered revoked pursuant to this section, the
3 holder of the certificate or other approval shall be denied any further
4 relief in connection with the credit from and after the date that the
5 order of revocation becomes final.

6 “(5) Notwithstanding subsections (1) to (4) of this section, a certifi-
7 cate or portion of a certificate held by a transferee may not be con-
8 sidered revoked for purposes of the transferee, the tax credit allowable
9 to the transferee may not be reduced and a transferee is not liable
10 under this section.

11 “(6) Interest under this section shall accrue at the rate established
12 in ORS 305.220 beginning the day after the due date of the return on
13 which the credit may first be claimed.

14 “SECTION 10. The total amount claimed for tax credits for the
15 production or collection of bovine manure under section 7 of this 2017
16 Act may not exceed \$5 million for all taxpayers for any tax year. If the
17 State Department of Agriculture receives applications for the credit
18 sufficient to exceed this amount, the department shall by rule pro-
19 portionately reduce the amount of certified credits among all taxpay-
20 ers applying for the credit.

21 “SECTION 11. Section 7 of this 2017 Act applies to tax years begin-
22 ning on or after January 1, 2018, and before January 1, 2022.

23

24

“BIOMASS TAX CREDIT

25

26 “SECTION 12. Section 6, chapter 739, Oregon Laws 2007, as amended by
27 section 5, chapter 590, Oregon Laws 2007, section 18, chapter 913, Oregon
28 Laws 2009, section 2, chapter 730, Oregon Laws 2011, and section 11, chapter
29 29, Oregon Laws 2016, is amended to read:

30 “**Sec. 6.** (1)[(a)] ORS 315.141, 315.144 and 469B.403 apply to tax credits for

1 tax years beginning on or after January 1, 2007, and before January 1,
2 [2022] **2018**.

3 “[(b) Notwithstanding paragraph (a) of this subsection, credits as provided
4 under ORS 469B.403 (1) to (7) are not allowed for tax years beginning on or
5 after January 1, 2018.]

6 “(2) Notwithstanding subsection (1) of this section, a tax credit is not
7 allowed for wheat grain (other than nongrain wheat material) for tax years
8 beginning before January 1, 2009, or on or after January 1, 2018.

9

10 **“RURAL MEDICAL PROVIDER TAX CREDIT**

11

12 **“SECTION 13.** Section 25, chapter 913, Oregon Laws 2009, as amended
13 by section 10, chapter 750, Oregon Laws 2013, section 18, chapter 701, Oregon
14 Laws 2015, and section 7, chapter 829, Oregon Laws 2015, is amended to read:

15 **“Sec. 25.** (1) Except as provided in subsection (2) of this section, a credit
16 may not be claimed under ORS 315.613 for tax years beginning on or after
17 January 1, [2018] **2022**.

18 “(2) A taxpayer who meets the eligibility requirements in ORS 315.613 for
19 the tax year beginning on or after January 1, [2017] **2021**, and before January
20 1, [2018] **2022**, shall be allowed the credit under ORS 315.613 for any tax year:

21 “(a) That begins on or before January 1, [2027] **2031**; and

22 “(b) For which the taxpayer meets the eligibility requirements of ORS
23 315.613.

24 **“(3) Notwithstanding subsection (2) of this section, a taxpayer may**
25 **not during the taxpayer’s lifetime claim the credit allowed under this**
26 **section for more than a total of 10 tax years that begin on or after**
27 **January 1, 2018.**

28 **“SECTION 14.** ORS 315.613, as amended by section 1, chapter 29, Oregon
29 Laws 2016, is amended to read:

30 “315.613. [(1) A resident or nonresident individual certified as eligible un-

1 *der ORS 442.563, licensed under ORS chapter 677, who is engaged in the*
2 *practice of medicine, and who is engaged for at least 20 hours per week, av-*
3 *eraged over the month, during the tax year in a rural practice, shall be allowed*
4 *an annual credit against taxes otherwise due under ORS chapter 316.]*

5 **“(1) An annual credit against the taxes otherwise due under ORS**
6 **chapter 316 shall be allowed to a resident or nonresident individual**
7 **who is:**

8 **“(a) Certified as eligible under ORS 442.563;**

9 **“(b) Licensed under ORS chapter 677;**

10 **“(c) Engaged in the practice of medicine, and engaged for at least**
11 **20 hours per week, averaged over the month, during the tax year in a**
12 **rural practice; and**

13 **“(d) Has adjusted gross income not in excess of \$300,000 for the tax**
14 **year. The limitation in this paragraph does not apply to a physician**
15 **who practices as a general surgeon, specializes in obstetrics or spe-**
16 **cializes in family or general practice and provides obstetrical services.**

17 **“(2) The amount of credit allowed shall be based on the distance from a**
18 **major population center in a qualified metropolitan statistical area at which**
19 **the taxpayer maintains a practice or hospital membership:**

20 **“(a) If at least 10 miles but fewer than 20 miles, \$3,000.**

21 **“(b) If at least 20 miles but fewer than 50 miles, \$4,000.**

22 **“(c) If 50 or more miles, \$5,000.**

23 **“(3) The credit shall be allowed during the time in which the individual**
24 **retains such practice and membership if the individual is actively practicing**
25 **in and is a member of the medical staff of one of the following hospitals:**

26 **“(a) A type A hospital designated as such by the Office of Rural Health;**

27 **“(b) A type B hospital designated as such by the Office of Rural Health**
28 **if the hospital is:**

29 **“(A) Not within the boundaries of a metropolitan statistical area;**

30 **“(B) Located 30 or more miles from the closest hospital within the major**

1 population center in a metropolitan statistical area; or

2 “(C) Located in a county with a population of less than 75,000;

3 “(c) A type C rural hospital, if the Office of Rural Health makes the
4 findings required by ORS 315.619;

5 “(d) A rural hospital that was designated a rural referral center by the
6 federal government before January 1, 1989, and that serves a community with
7 a population of at least 14,000 but not more than 19,000; or

8 “(e) A rural critical access hospital.

9 “(4) In order to claim the credit allowed under this section, the individual
10 must remain willing during the tax year to serve patients with Medicare
11 coverage and patients receiving medical assistance in at least the same pro-
12 portion to the individual’s total number of patients as the Medicare and
13 medical assistance populations represent of the total number of persons de-
14 termined by the Office of Rural Health to be in need of care in the county
15 served by the practice, not to exceed 20 percent Medicare patients or 15
16 percent medical assistance patients.

17 “(5) A nonresident individual shall be allowed the credit under this sec-
18 tion in the proportion provided in ORS 316.117. If a change in the status of
19 a taxpayer from resident to nonresident or from nonresident to resident oc-
20 curs, the credit allowed by this section shall be determined in a manner
21 consistent with ORS 316.117.

22 “(6) For purposes of this section, an ‘individual’s practice’ shall be de-
23 termined on the basis of actual time spent in practice each week in hours
24 or days, whichever is considered by the Office of Rural Health to be more
25 appropriate. In the case of a shareholder of a corporation or a member of a
26 partnership, only the time of the individual shareholder or partner shall be
27 considered and the full amount of the credit shall be allowed to each share-
28 holder or partner who qualifies in an individual capacity.

29 “(7) As used in this section:

30 “(a) ‘Qualified metropolitan statistical area’ means only those counties

1 of a metropolitan statistical area that are located in Oregon if the largest
2 city within the metropolitan statistical area is located in Oregon.

3 “(b) ‘Rural critical access hospital’ means a facility that meets the crite-
4 ria set forth in 42 U.S.C. 1395i-4 (c)(2)(B) and that has been designated a
5 critical access hospital by the Office of Rural Health and the Oregon Health
6 Authority.

7 “(c) ‘Type A hospital,’ ‘type B hospital’ and ‘type C hospital’ have the
8 meaning for those terms provided in ORS 442.470.

9 **“SECTION 15. The amendments to ORS 315.613 by section 14 of this**
10 **2017 Act apply to tax years beginning on or after January 1, 2018.**

11

12 **“USE OF CREDITS AGAINST MINIMUM TAX**

13

14 **“SECTION 16.** Section 45, chapter 701, Oregon Laws 2015, is amended to
15 read:

16 **“Sec. 45.** [(1)] The amendments to ORS 317.090 by [section 43 of this 2015
17 Act] **sections 43 and 44, chapter 701, Oregon Laws 2015,** apply to tax years
18 beginning on or after January 1, 2015[, and before January 1, 2021].

19 “[2) The amendments to ORS 317.090 by section 44 of this 2015 Act apply
20 to tax years beginning on or after January 1, 2021.]

21 **“SECTION 17.** ORS 317.090, as amended by section 44, chapter 701,
22 Oregon Laws 2015, is amended to read:

23 “317.090. (1) As used in this section:

24 “(a) ‘Oregon sales’ means:

25 “(A) If the corporation apportions business income under ORS 314.650 to
26 314.665 for Oregon tax purposes, the total sales of the taxpayer in this state
27 during the tax year, as determined for purposes of ORS 314.665;

28 “(B) If the corporation does not apportion business income for Oregon tax
29 purposes, the total sales in this state that the taxpayer would have had, as
30 determined for purposes of ORS 314.665, if the taxpayer were required to

1 apportion business income for Oregon tax purposes; or

2 “(C) If the corporation apportions business income using a method dif-
3 ferent from the method prescribed by ORS 314.650 to 314.665, Oregon sales
4 as defined by the Department of Revenue by rule.

5 “(b) If the corporation is an agricultural cooperative that is a cooperative
6 organization described in section 1381 of the Internal Revenue Code, ‘Oregon
7 sales’ does not include sales representing business done with or for members
8 of the agricultural cooperative.

9 “(2) Each corporation or affiliated group of corporations filing a return
10 under ORS 317.710 shall pay annually to the state, for the privilege of car-
11 rying on or doing business by it within this state, a minimum tax as follows:

12 “(a) If Oregon sales properly reported on a return are:

13 “(A) Less than \$500,000, the minimum tax is \$150.

14 “(B) \$500,000 or more, but less than \$1 million, the minimum tax is \$500.

15 “(C) \$1 million or more, but less than \$2 million, the minimum tax is
16 \$1,000.

17 “(D) \$2 million or more, but less than \$3 million, the minimum tax is
18 \$1,500.

19 “(E) \$3 million or more, but less than \$5 million, the minimum tax is
20 \$2,000.

21 “(F) \$5 million or more, but less than \$7 million, the minimum tax is
22 \$4,000.

23 “(G) \$7 million or more, but less than \$10 million, the minimum tax is
24 \$7,500.

25 “(H) \$10 million or more, but less than \$25 million, the minimum tax is
26 \$15,000.

27 “(I) \$25 million or more, but less than \$50 million, the minimum tax is
28 \$30,000.

29 “(J) \$50 million or more, but less than \$75 million, the minimum tax is
30 \$50,000.

1 “(K) \$75 million or more, but less than \$100 million, the minimum tax is
2 \$75,000.

3 “(L) \$100 million or more, the minimum tax is \$100,000.

4 “(b) If a corporation is an S corporation, the minimum tax is \$150.

5 “(3) The minimum tax is not apportionable (except in the case of a change
6 of accounting periods), [*and*] is payable in full for any part of the year dur-
7 ing which a corporation is subject to tax **and may not be reduced, paid**
8 **or otherwise satisfied through the use of any tax credit.**

9

10 **“EMPLOYEE TRAINING TAX CREDIT**

11

12 **“SECTION 18. Section 19 of this 2017 Act is added to and made a**
13 **part of ORS chapter 315.**

14 **“SECTION 19. (1) As used in this section, ‘qualifying county’ means**
15 **a county with a population greater than 60,000 but less than 80,000**
16 **that:**

17 **“(a) Is located entirely outside of the Portland Metropolitan Area**
18 **Regional Urban Growth Boundary and the acknowledged urban growth**
19 **boundary of cities with populations of 30,000 or more;**

20 **“(b) Has an annual economic development budget of \$500,000 or**
21 **greater;**

22 **“(c) Has an unemployment rate at least 1.5 percentage points**
23 **greater than the comparable unemployment rate for the state;**

24 **“(d) Is party to an agreement with an institute of higher education**
25 **to coordinate efforts to promote enterprise throughout the county;**

26 **“(e) Is the site of a base or installation of the Armed Forces of the**
27 **United States that employs at least 750 civilian and military personnel;**
28 **and**

29 **“(f) Has access to Internet service with the minimum connection**
30 **speed required to effectively conduct electronic commerce.**

1 “(2) A credit against taxes that are otherwise due under ORS
2 chapter 316 or, if the taxpayer is a corporation, under ORS chapter 317
3 or 318, is allowed to a taxpayer who is located in a qualifying county
4 and who establishes and implements an employee training program in
5 collaboration with a local community college operated under ORS
6 chapter 341.

7 “(3) The credit allowed under this section shall be equal to 12 per-
8 cent of the taxpayer’s expenses to establish and implement the em-
9 ployee training program described in subsection (2) of this section.

10 “(4) For each tax year for which a credit is claimed under this sec-
11 tion, the taxpayer shall maintain records sufficient to prove the
12 taxpayer’s eligibility for the credit allowed under this section. A tax-
13 payer shall maintain the records required under this subsection for at
14 least five years.

15 “(5) The credit allowed under this section may not exceed the tax
16 liability of the taxpayer for the tax year.

17 “(6) Any tax credit otherwise allowable under this section that is
18 not used by the taxpayer in a particular tax year may be carried for-
19 ward and offset against the taxpayer’s tax liability for the next suc-
20 ceeding tax year. Any credit remaining unused in the next succeeding
21 tax year may be carried forward and used in the second succeeding tax
22 year, and likewise any credit not used in that second succeeding tax
23 year may be carried forward and used in the third succeeding tax year,
24 but may not be carried forward for any tax year thereafter.

25 “(7) A nonresident taxpayer shall be allowed the credit under this
26 section. The credit shall be computed in the same manner and be
27 subject to the same limitations as the credit granted to a resident
28 taxpayer. However, the credit shall be prorated using the proportion
29 provided in ORS 316.117.

30 “(8) If a change in the taxable year of the taxpayer occurs as de-

1 scribed in ORS 314.085, or if the Department of Revenue terminates the
2 taxpayer's taxable year under ORS 314.440, the credit allowed by this
3 section shall be prorated or computed in a manner consistent with
4 ORS 314.085.

5 “(9) If a change in the status of a taxpayer from resident to non-
6 resident or from nonresident to resident occurs, the credit allowed by
7 this section shall be determined in a manner consistent with ORS
8 316.117.

9 “(10) Spouses in a marriage who file separate returns for a taxable
10 year may each claim a share of the tax credit that would have been
11 allowed on a joint return in proportion to the adjusted gross income
12 of each.

13 **“SECTION 20. Section 19 of this 2017 Act applies to tax years be-
14 ginning on or after January 1, 2017.**

15

16

“BUSINESS TAX CREDITS

17

18 **“SECTION 21.** ORS 314.752 is amended to read:

19 “314.752. (1) Except as provided in ORS 314.740 (5)(b), the tax credits al-
20 lowed or allowable to a C corporation for purposes of ORS chapter 317 or
21 318 shall not be allowed to an S corporation. The business tax credits al-
22 lowed or allowable for purposes of ORS chapter 316 shall be allowed or are
23 allowable to the shareholders of the S corporation.

24 “(2) In determining the tax imposed under ORS chapter 316, as provided
25 under ORS 314.734, on income of the shareholder of an S corporation, there
26 shall be taken into account the shareholder's pro rata share of business tax
27 credit (or item thereof) that would be allowed to the corporation (but for
28 subsection (1) of this section) or recapture or recovery thereof. The credit (or
29 item thereof), recapture or recovery shall be passed through to shareholders
30 in pro rata shares as determined in the manner prescribed under section

1 1377(a) of the Internal Revenue Code.

2 “(3) The character of any item included in a shareholder’s pro rata share
3 under subsection (2) of this section shall be determined as if such item were
4 realized directly from the source from which realized by the corporation, or
5 incurred in the same manner as incurred by the corporation.

6 “(4) If the shareholder is a nonresident and there is a requirement appli-
7 cable for the business tax credit that in the case of a nonresident the credit
8 be allowed in the proportion provided in ORS 316.117, then that provision
9 shall apply to the nonresident shareholder.

10 “(5) As used in this section, ‘business tax credit’ means a tax credit
11 granted to personal income taxpayers to encourage certain investment, to
12 create employment, economic opportunity or incentive or for charitable, ed-
13 ucational, scientific, literary or public purposes that is listed under this
14 subsection as a business tax credit or is designated as a business tax credit
15 by law or by the Department of Revenue by rule and includes but is not
16 limited to the following credits: ORS 285C.309 (tribal taxes on reservation
17 enterprise zones and reservation partnership zones), ORS 315.104 (forestation
18 and reforestation), ORS 315.138 (fish screening, by-pass devices, fishways),
19 ORS 315.141 (biomass production for biofuel), ORS 315.156 (crop gleaning),
20 ORS 315.164 and 315.169 (agriculture workforce housing), ORS 315.204 (de-
21 pendent care assistance), ORS 315.208 (dependent care facilities), ORS 315.213
22 (contributions for child care), ORS 315.304 (pollution control facility), ORS
23 315.326 (renewable energy development contributions), ORS 315.331 (energy
24 conservation projects), ORS 315.336 (transportation projects), ORS 315.341
25 (renewable energy resource equipment manufacturing facilities), ORS 315.354
26 and 469B.151 (energy conservation facilities), ORS 315.507 (electronic com-
27 merce) and ORS 315.533 (low income community jobs initiative) **and section**
28 **7 of this 2017 Act (bovine manure) and section 19 of this 2017 Act**
29 **(employee training programs).**

30 **“SECTION 22.** ORS 318.031 is amended to read:

1 “318.031. It being the intention of the Legislative Assembly that this
2 chapter and ORS chapter 317 shall be administered as uniformly as possible
3 (allowance being made for the difference in imposition of the taxes), ORS
4 305.140 and 305.150, ORS chapter 314 and the following sections are incor-
5 porated into and made a part of this chapter: ORS 285C.309, 315.104, 315.141,
6 315.156, 315.204, 315.208, 315.213, 315.304, 315.326, 315.331, 315.336, 315.507 and
7 315.533 **and sections 7 and 19 of this 2017 Act** (all only to the extent ap-
8 plicable to a corporation) and ORS chapter 317.

9
10 **“ENTERPRISE ZONES**

11
12 **“SECTION 23.** ORS 285C.160 is amended to read:

13 “285C.160. (1) An eligible business firm seeking authorization under ORS
14 285C.140 and the sponsor of the enterprise zone in which the firm intends to
15 invest may enter into a written agreement to extend the period during which
16 the qualified property is exempt from taxation under ORS 285C.175 if the
17 firm complies with the terms of the agreement.

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

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

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

28 “(A)(i) Annually compensate all new employees hired by the firm at an
29 average rate of [*not less than*] **at least** 150 percent of the county average
30 annual wage for each assessment year during the tax exemption period, as

1 determined at the time of authorization[.]; or

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

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

9 **“(b) Notwithstanding paragraph (a)(A) of this subsection, the aver-**
10 **age wage received by the newly hired employees must equal or exceed**
11 **100 percent of the average wage in the county.**

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

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

23 **“SECTION 24.** ORS 285C.050 is amended to read:

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

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

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

30 **“(3)** ‘Business firm’ means a person operating or conducting one or more

1 trades or businesses, a people’s utility district organized under ORS chapter
2 261 or a joint operating agency formed under ORS chapter 262, but does not
3 include any other governmental agency, municipal corporation or nonprofit
4 corporation.

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

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

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

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

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

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

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

1 “(9) ‘Federal enterprise zone’ means any discrete area wholly or partially
2 within this state that is designated as an empowerment zone, an enterprise
3 community, a renewal community or some similar designation for purposes
4 of improving the economic and community development of the area.

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

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

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

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

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

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

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

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

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

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

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

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

30 “(17) **‘Qualified rural county’ means a county:**

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

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

7 “[(17)] (18) ‘Rural enterprise zone’ means:

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

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

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

16 “[(19)] (20) ‘Sponsor’ means:

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

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

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

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

28 “[(20)] (21) ‘Tax year’ has the meaning given that term in ORS 308.007.

29 “[(21)] (22) ‘Urban enterprise zone’ means an enterprise zone in a metro-
30 politan statistical area, as defined by the most recent federal decennial cen-

1 sus, that is located inside a regional or metropolitan urban growth boundary.

2 “[22)] (23) ‘Year’ has the meaning given that term in ORS 308.007.

3 **“SECTION 25. The amendments to ORS 285C.050 and 285C.160 by**
4 **sections 23 and 24 of this 2017 Act apply to agreements executed on or**
5 **after the effective date of this 2017 Act.**

6 **“SECTION 26.** ORS 285C.412 is amended to read:

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

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

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

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

23 “(c) The annual average compensation for employees, based on payroll,
24 at the business firm’s facility [*is*] **must be** at least 150 percent of the average
25 wage in the county in which the facility is located, **or, if the facility is**
26 **located in a qualified rural county, determined as of the date on which**
27 **the written agreement between the zone sponsor and the business firm**
28 **was executed, the annual average compensation must be at least 130**
29 **percent of the average wage in the county in which the facility is lo-**
30 **cated.** This requirement may be initially met in any year during the first five

1 years after the year in which [*operation of the facility begins*] **the facility**
2 **is placed in service**, and thereafter is met if:

3 “(A) The annual average compensation at the facility for the year **equals**
4 **or exceeds 150 percent of** the average wage in the county for the year in
5 which the requirement is initially met[.] **or, for a facility located in a**
6 **qualified rural county, determined as of the date on which the written**
7 **agreement between the zone sponsor and the business firm was exe-**
8 **cuted, the annual average compensation at the facility for the year**
9 **equals or exceeds 130 percent of the average wage in the county for**
10 **the year in which the requirement is initially met; and**

11 “(B) **The average wage at the facility equals or exceeds 100 percent**
12 **of the average wage in the county.**

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

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

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

19 “(c)(A) The business firm hires or will hire at least 10 full-time employees
20 at the facility by the end of the third calendar year following the year in
21 which the facility is placed in service, and at the time that the business firm
22 is certified, the location of the facility is in a county with a population of
23 10,000 or fewer; or

24 “(B) The business firm hires or will hire at least 35 full-time employees
25 at the facility by the end of the third calendar year following the year in
26 which the facility is placed in service, and at the time that the business firm
27 is certified, the location of the facility is in a county with a population of
28 40,000 or fewer.

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

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

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

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

13 “(d)(A) The business firm hires or will hire at least 50 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; or

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

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

20 “(a) Within three years either before or after the property tax year in
21 which the facility is placed in service, the business firm places one or more
22 other facilities in the same or another enterprise zone for which the business
23 firm is certified and otherwise meets the requirements of ORS 285C.400 to
24 285C.420;

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

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

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

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

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

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

10 “(c) The business firm hires or will hire at least 10 full-time employees
11 at the facility by the end of the third calendar year following the year in
12 which the facility is placed in service; and

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

15 **“SECTION 27.** ORS 285C.400 is amended to read:

16 “285C.400. As used in ORS 285C.400 to 285C.420:

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

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

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

23 “(a) The median ratio of the per capita personal income of the county to
24 the equivalent annual personal income figure of the entire United States for
25 each year, as reported by the Bureau of Economic Analysis of the United
26 States Department of Commerce, is equal to or less than 0.75 over the last
27 10 years;

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

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

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

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

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

12 “(5) ‘Qualified rural county’ means a county:

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

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

19 “[5] (6) ‘Rural enterprise zone’ has the meaning given that term in ORS
20 285C.050.

21 “**SECTION 28.** The amendments to ORS 285C.400 and 285C.412 by
22 sections 26 and 27 of this 2017 Act apply to exemptions initially allowed
23 under ORS 285C.409 (1)(c) on or after the effective date of this 2017 Act.

24 “**SECTION 29.** ORS 285C.503 is amended to read:

25 “285C.503. (1) A business firm seeking the income and corporate excise tax
26 exemption allowed under ORS 316.778 or 317.391 shall, before the com-
27 mencement of construction, reconstruction, modification or installation of
28 property or improvements at the location for which the exemption is sought
29 and before the hiring of any employees at that location, apply to the Oregon
30 Business Development Department for preliminary certification under this

1 section.

2 “(2) The application shall be on a form prescribed by the department and
3 shall contain the following information:

4 “(a) The proposed location of the facility;

5 “(b) A description of the property to be constructed, reconstructed, modi-
6 fied, acquired, installed or leased and that is to comprise the facility when
7 the business firm commences business operations at the facility;

8 “(c) If any property described in paragraph (b) of this subsection is to be
9 leased, the term of the lease;

10 “(d) The number of full-time, year-round employees the business firm in-
11 tends to hire;

12 “(e) The minimum annual average compensation intended to be given to
13 the employees described in paragraph (d) of this subsection;

14 “(f) A description of any other business activities of the firm in this state
15 at the time of application, sufficient for the department to be able to deter-
16 mine if the proposed facility will constitute a new business in this state; and

17 “(g) Any other information that the department requires.

18 “(3) An application filed under this section must be accompanied by a fee
19 in an amount prescribed by the Oregon Business Development Department
20 by rule. The fee required by the department may not exceed \$500.

21 “(4)(a) When an application is filed under this section, the department
22 shall send copies of the application to the governing bodies of the city and
23 county in which the facility is proposed to be located. If the facility is to
24 be located within a port, the department shall also send a copy of the ap-
25 plication to the governing body of the port.

26 “(b) The governing body of a city, port or county described in paragraph
27 (a) of this subsection may object to the preliminary certification of a busi-
28 ness firm if the firm would be:

29 “(A) In competition with an existing business employing individuals
30 within the city, port or county; or

1 “(B) Incompatible with economic growth or development standards that
2 the city, port or county had adopted prior to the date of application for
3 preliminary certification.

4 “(c) If the governing body of the city, port or county decides to object to
5 preliminary certification of the firm, the governing body shall adopt a re-
6 solution stating its objection and the reason for its objection.

7 “(d) The governing body of a city, port or county has 60 days from the
8 date the application is sent to the city, port or county to object to prelimi-
9 nary certification. If the objection is not made within the 60-day period, the
10 city, port or county shall be deemed to have agreed to preliminary certi-
11 fication.

12 “(5) When an application is filed under this section, the department shall
13 review the application and determine whether all of the following require-
14 ments are met:

15 “(a) The proposed facility is to be located at a qualified location.

16 “(b) The proposed facility is intended to operate as a facility for at least
17 10 years following the date the facility becomes operational.

18 “(c) The business firm intends to hire at least five employees for full-time,
19 year-round employment.

20 “(d)(A) The newly hired employees described in paragraph (c) of this
21 subsection are to receive a minimum annual compensation of:

22 “[A] (i) 150 percent of the county per capita personal income of the
23 county in which the facility is to be located **determined** as of the date of
24 the application for preliminary certification; [or]

25 “[B] (ii) 100 percent of the county per capita personal income of the
26 county in which the facility is to be located **determined** as of the date of
27 the application for preliminary certification and the business firm will pro-
28 vide health insurance coverage to the employees at the facility who are de-
29 scribed in paragraph (c) of this subsection that equals or exceeds the health
30 insurance benefits provided to employees of the city, port or county in which

1 the facility is to be located[.]; or

2 **“(iii) If the facility is to be located in a county that is outside all**
3 **metropolitan statistical areas, as defined by the most recent federal**
4 **decennial census, 130 percent of the county per capita personal income**
5 **of the county in which the facility is to be located determined as of**
6 **the date of the application for preliminary certification.**

7 **“(B) Notwithstanding subparagraph (A) of this paragraph, the av-**
8 **erage wage received by the newly hired employees must equal or ex-**
9 **ceed 100 percent of the average wage in the county.**

10 “(e) The business operations of the business firm that are to be conducted
11 at the facility constitute a new business that the firm does not operate at
12 another location in this state.

13 “(f) The business operations of the business firm will not compete with
14 existing businesses in the city or county in which the facility is to be lo-
15 cated.

16 “(6) If the department determines that the proposed facility, if completed
17 as described in the application, meets the criteria set forth in subsection (5)
18 of this section and the governing body of the city, port or county does not
19 object under subsection (4) of this section to preliminary certification of the
20 firm, the department shall issue a preliminary certification to the firm.

21 “(7) If the department determines that the proposed facility, as set forth
22 in the application, does not meet the requirements for preliminary certifica-
23 tion under this section, the department may not issue a preliminary certi-
24 fication. The applicant may appeal the decision to not issue a preliminary
25 certification in the manner of a contested case under ORS chapter 183. No
26 appeal may be made if the reason for not issuing a preliminary certification
27 is the objection of the governing body of the city, port or county under
28 subsection (4) of this section.

29 **“SECTION 30. The amendments to ORS 285C.503 by section 29 of**
30 **this 2017 Act apply to applications filed under ORS 285C.503 on or after**

1 **the effective date of this 2017 Act.**

2 **“SECTION 31.** ORS 285B.600 is amended to read:

3 “285B.600. As used in ORS 285B.600 to 285B.620:

4 “(1) ‘Certified employer’ means an eligible employer certified under ORS
5 285B.605.

6 “(2) ‘Compensation’ has the meaning given that term in ORS 314.610.

7 “(3) ‘Eligible employee’ means a new full-time employee [*whose compen-*
8 *sation averages at least 150 percent of the county or state average in annual*
9 *per employee compensation, whichever is less,*] who is **paid qualifying com-**
10 **pensation and is** hired by a certified employer after the employer is certi-
11 fied under ORS 285B.605.

12 “(4) ‘Eligible employer’ means an employer that, in the month in which
13 the employer submits an application under ORS 285B.608:

14 “(a) Has at least 150 employees;

15 “(b) Plans to hire at least 50 [*new full-time*] **eligible** employees in this
16 state [*whose compensation will average at least 150 percent of the county or*
17 *state average in annual per employee compensation, whichever is less*];

18 “(c) Operates in an industry in the traded sector, as that term is defined
19 in ORS 285A.010; and

20 “(d) Is not a retailer, as that term is defined in ORS 72.8010.

21 “(5) ‘Estimated incremental Oregon Business Retention and Expansion
22 Program tax revenues’ means the Oregon personal income tax revenues that
23 are estimated pursuant to ORS 285B.618 to be substantially equivalent to the
24 amount of tax that eligible employees of an eligible employer will be required
25 to pay under ORS chapter 316 as a result of **qualifying** compensation paid
26 to the eligible employees by the eligible employer in the two consecutive tax
27 years beginning with the tax year following the tax year in which the em-
28 ployer receives certification under ORS 285B.605.

29 **“(6) ‘Qualifying compensation’ means:**

30 **“(a) Compensation that averages at least 150 percent of the lesser**

1 of the county or state average annual per employee compensation; or
2 “(b) If the employees are to be hired in a county that is outside all
3 metropolitan statistical areas, as defined by the most recent federal
4 decennial census, compensation that averages at least 130 percent of
5 the lesser of the county or state average annual per employee com-
6 pensation.

7 **“SECTION 32. The amendments to ORS 285B.600 by section 31 of**
8 **this 2017 Act apply to applications for certification submitted under**
9 **ORS 285B.608 on or after the effective date of this 2017 Act.**

10 **“SECTION 33. ORS 285C.403 is amended to read:**

11 “285C.403. (1) Any business firm proposing to apply for the tax exemption
12 provided under ORS 285C.409 shall, before the commencement of construction
13 or installation of property or improvements at a location in a rural enter-
14 prise zone and before the hiring of employees, apply for certification with the
15 sponsor of the zone and with the county assessor of the county or counties
16 in which the zone is located. The application shall be made on a form pre-
17 scribed by the Department of Revenue.

18 “(2) The application shall contain the following information:

19 “(a) A description of the firm’s proposed business operations and facility
20 in the rural enterprise zone;

21 “(b) A description and estimated cost or value of the property or im-
22 provements to be constructed or installed at the facility;

23 “(c) An estimate of the number of employees at the facility that will be
24 hired by the firm;

25 “(d) A commitment to meet the applicable requirements of ORS 285C.412;

26 “(e) A commitment to satisfy all additional conditions agreed to pursuant
27 to the written agreement between the rural enterprise zone sponsor and the
28 business firm under subsection (3)(c) of this section; and

29 “(f) Any other information considered necessary by the Department of
30 Revenue.

1 “(3) The sponsor and the county assessor shall certify the business firm
2 by approving the application if the sponsor and the county assessor deter-
3 mine that all of the following requirements have been met:

4 “(a) The governing body of the county and city in which the facility is
5 located has adopted a resolution approving the property tax exemption for
6 the facility.

7 “(b) The business firm has committed to meet the applicable requirements
8 of ORS 285C.412.

9 “(c) The business firm has entered into a written agreement with the
10 sponsor of the rural enterprise zone that may include any additional re-
11 quirements that the sponsor may reasonably request, including but not lim-
12 ited to contributions for local services or infrastructure benefiting the
13 facility. The written agreement shall state the number of consecutive tax
14 years for which the facility, following commencement of operations, is to be
15 exempt from property tax under ORS 285C.409. The agreement may not pro-
16 vide for a period of exemption that is less than seven consecutive tax years
17 or more than 15 consecutive tax years. If the agreement is silent on the
18 number of tax years for which the facility is to be exempt following place-
19 ment in service, the exemption shall be for seven consecutive tax years.

20 “(d) **When the written agreement required under paragraph (c) of**
21 **this subsection is executed**, the facility is located in:

22 “(A) **A qualified rural county; or**

23 “(B) **A county** with chronically low income or chronic unemployment,
24 based on the most recently revised annual data available [*when the written*
25 *agreement with the zone sponsor is executed*].

26 “(4) The approval of an application by both the sponsor and the county
27 assessor under subsection (3) of this section shall be prima facie evidence
28 that the business firm will qualify for the property tax exemption under ORS
29 285C.409.

30 “(5) The sponsor and the county assessor shall provide copies of an ap-

1 proved application to the applicant, the Department of Revenue and the
2 Oregon Business Development Department.

3 “(6) If the sponsor or the county assessor fails or refuses to certify the
4 business firm, the business firm may appeal to the Oregon Tax Court under
5 ORS 305.404 to 305.560. The business firm shall provide copies of the firm’s
6 appeal to the sponsor, the county assessor, the Oregon Business Development
7 Department and the Department of Revenue.

8

9

“FISH SCREENING CREDIT

10

11 **“SECTION 34.** Section 11, chapter 913, Oregon Laws 2009, as amended
12 by section 18a, chapter 730, Oregon Laws 2011, is amended to read:

13 **“Sec. 11.** The State Department of Fish and Wildlife may not issue a
14 preliminary certificate of approval under ORS 315.138 after January 1,
15 [2018] **2024.**

16

17

“UNIT CAPTIONS

18

19 **“SECTION 35.** The unit captions used in this 2017 Act are provided
20 only for the convenience of the reader and do not become part of the
21 statutory law of this state or express any legislative intent in the
22 enactment of this 2017 Act.

23

24

“EFFECTIVE DATE

25

26 **“SECTION 36.** This 2017 Act takes effect on the 91st day after the
27 date on which the 2017 regular session of the Seventy-ninth Legislative
28 Assembly adjourns sine die.”.

29
