

Requested by Senator RILEY

**PROPOSED AMENDMENTS TO
SENATE BILL 118**

- 1 On page 1 of the printed bill, line 2, delete “307.519, 307.543, 307.606,”.
2 In line 2, delete “307.657 and 308.456” and insert “285C.170, 285C.175,
3 285C.362, 285C.409, 285C.615, 307.123 and 307.330”.
- 4 Delete lines 6 through 28 and delete pages 2 through 6 and insert:
5 **“SECTION 1.** ORS 285C.170 is amended to read:
6 “285C.170. (1) Property shall be exempt from ad valorem property taxation
7 under this section if:
8 “(a) The property is located in an enterprise zone;
9 “(b) The property is owned or leased by an authorized business firm or
10 the business firm is contractually obligated to own or lease the property
11 upon the property’s being placed in service;
12 “(c) The property is or, upon completion of the construction, addition,
13 modification or installation of the property, will be qualified property;
14 “(d) The authorization of the business firm remains active under ORS
15 285C.140 or 285C.165;
16 “(e) The property has not been subject to exemption under ORS 307.330
17 at the location;
18 “(f) The property is not and will not be centrally assessed under ORS
19 308.505 to 308.681;
20 “(g) The property is not to be operated as all or a part of a hotel, motel
21 or destination resort; and

1 “(h) There is no known reason to conclude that the property or the firm
2 will not satisfy any applicable requirements for the property to be exempt
3 under ORS 285C.175 upon being placed in service.

4 “(2)(a) Property may be exempt under this section for no more than two
5 tax years, which must be consecutive.

6 “(b) **The exemption allowed under this section does not apply to ad**
7 **valorem property taxes imposed by a school district or education ser-**
8 **vice district.**

9 “(3) In determining whether property is exempt under this section, the
10 county assessor:

11 “(a) Shall adhere to the same procedures as apply under ORS 285C.175 (6)
12 and (7); and

13 “(b) May require the submission of additional evidence by the authorized
14 business firm or zone sponsor showing that the property qualifies for ex-
15 emption under this section. If required, the additional evidence must be
16 submitted on or before April 1 of the assessment year.

17 “(4) The exemption **allowed** under this section does not depend on the
18 property or the authorized business firm receiving the exemption under ORS
19 285C.175 or satisfying requirements applicable to the exemption under ORS
20 285C.175.

21 “(5) A year in which property is exempt under this section shall be con-
22 sidered a year in which the property is exempt under ORS 307.330 for pur-
23 poses of determining the maximum number of years for which the property
24 may be exempt under this section or ORS 307.330.

25 “**SECTION 2.** ORS 285C.175 is amended to read:

26 “285C.175. (1) Property of an authorized business firm is exempt from ad
27 valorem property taxation if:

28 “(a) The property is qualified property under ORS 285C.180;

29 “(b) The firm meets the qualifications under ORS 285C.200; and

30 “(c) The firm has entered into a first-source hiring agreement under ORS

1 285C.215.

2 “(2)(a) The exemption allowed under this section applies to the first tax
3 year for which, as of January 1 preceding the tax year, the qualified property
4 is in service. The exemption shall continue for the next two succeeding tax
5 years if the property continues to be owned or leased by the business firm
6 and located in the enterprise zone.

7 “(b) The property may be exempt from property taxation under this sec-
8 tion for up to two additional tax years consecutively following the tax years
9 described in paragraph (a) of this subsection, if authorized by the written
10 agreement entered into by the firm and the sponsor under ORS 285C.160.

11 “(c) If qualified property of a qualified business firm is sold or leased to
12 an eligible business firm in the enterprise zone during the period the prop-
13 erty is exempt under this section, the purchasing or leasing firm is eligible
14 to continue the exemption of the selling or leasing firm for the balance of
15 the exemption period, but only if any effects on employment within the zone
16 that result from the sale or lease do not constitute substantial curtailment
17 under ORS 285C.210.

18 “(3)(a) The exemption allowed under this section shall be 100 percent of
19 the assessed value of the qualified property in each of the tax years for
20 which the exemption is available.

21 “(b) Notwithstanding paragraph (a) of this subsection:

22 “(A) If the qualified property is an addition to or modification of an ex-
23 isting building or structure, the exemption shall be measured by the increase
24 in value, if any, attributable to the addition or modification.

25 “(B) If the qualified property is an item of reconditioned, refurbished,
26 retrofitted or upgraded real property machinery or equipment, the exemption
27 shall be measured by the increase in the value of the item that is attribut-
28 able to the reconditioning, refurbishment, retrofitting or upgrade.

29 “(4)(a) An exemption may not be granted under this section for qualified
30 property assessed for property tax purposes in the county in which the

1 property is located on or before the date on which:

2 “(A) Designation of the zone takes effect under ORS 285C.074; or

3 “(B) A boundary change for the zone takes effect under ORS 285C.117 if
4 the property is located in an area added to the zone.

5 “(b) An exemption may not be granted for qualified property constructed,
6 added, modified or installed in the zone or in the process of construction,
7 addition, modification or installation in the zone on or before the date on
8 which:

9 “(A) Designation of the zone takes effect under ORS 285C.074; or

10 “(B) A boundary change for the zone takes effect under ORS 285C.117 if
11 the property is located in an area added to the zone.

12 “(c) An exemption may not be granted for any qualified property that was
13 in service within the zone for more than 12 months by January 1 of the first
14 assessment year for which an exemption claim is made, or 24 months, in the
15 case of a late claim under ORS 285C.220 (10).

16 “(d) An exemption may not be granted for any qualified property unless
17 the property is actually in use or occupancy before July 1 of the year im-
18 mediately following the year during which the property was first placed in
19 service.

20 “(e) Except as provided in ORS 285C.245, an exemption may not be
21 granted for qualified property constructed, added, modified or installed after
22 termination of an enterprise zone.

23 “(5) Property is not required to have been exempt under ORS 285C.170 in
24 order to be exempt under this section.

25 “(6) The county assessor shall notify the business firm in writing when-
26 ever property is denied an exemption under this section. The denial of ex-
27 emption may be appealed to the Oregon Tax Court under ORS 305.404 to
28 305.560.

29 “(7) For each tax year that the property is exempt from taxation, the
30 assessor shall:

1 “(a) Enter on the assessment roll, as a notation, the assessed value of the
2 property as if it were not exempt under this section.

3 “(b) Enter on the assessment roll, as a notation, the amount of additional
4 taxes that would be due if the property were not exempt.

5 “(c) Indicate on the assessment roll that the property is exempt and is
6 subject to potential additional taxes as provided in ORS 285C.240, by adding
7 the notation ‘enterprise zone exemption (potential additional tax).’

8 **“(8) The exemption allowed under this section does not apply to ad
9 valorem property taxes imposed by a school district or education ser-
10 vice district.**

11 **“SECTION 3.** ORS 285C.362 is amended to read:

12 “285C.362. (1) Property of an authorized business firm is exempt from ad
13 valorem property taxation if:

14 “(a) The property is qualified property under ORS 285C.359;

15 “(b) The firm meets the qualifications under ORS 285C.200; and

16 “(c) The firm has entered into a first-source hiring agreement under ORS
17 285C.215.

18 “(2) Notwithstanding subsection (1)(b) of this section, property that oth-
19 erwise qualifies under subsection (1) of this section is exempt from ad
20 valorem property taxation if:

21 “(a) At the time the zone sponsor approves the application of the firm for
22 authorization pursuant to ORS 285C.356, the governing body of the zone
23 sponsor adopts a resolution waiving the requirements of ORS 285C.200 (1)(c)
24 and (e) with respect to the application; and

25 “(b) The firm completes an investment of \$5 million or more in qualified
26 property.

27 “(3)(a) Property described in subsection (1) or (2) of this section is exempt
28 from ad valorem property taxation only to the extent the real market value
29 of the property, when added to the real market value of all other property
30 in the rural renewable energy development zone that has received an ex-

1 exemption under this section, is less than the exemption authorization level
2 established for the zone under ORS 285C.353 (4).

3 “(b) For purposes of this subsection, real market value shall be deter-
4 mined as of the assessment date for the first year that property is exempt
5 under this section.

6 “(4) The exemption allowed under this section applies to the first tax year
7 for which, as of January 1 preceding the tax year, the qualified property is
8 in service. The exemption shall continue for the next two succeeding tax
9 years if the property continues to be owned or leased by the business firm,
10 operated to generate renewable energy or to support or maintain renewable
11 energy facilities, and located in the rural renewable energy development
12 zone.

13 “(5)(a) The exemption allowed under this section may continue for up to
14 two additional tax years consecutively following the tax years described in
15 subsection (4) of this section if authorized by a written agreement entered
16 into by the firm and the sponsor under ORS 285C.160.

17 “(b) Notwithstanding ORS 285C.160, a contiguous county that applied for
18 a rural renewable energy development zone designation may elect to not
19 participate in a two-year extension of the exemption under this subsection.
20 The election shall be made by resolution of the governing body of the con-
21 tiguous county on or before execution of the written agreement between the
22 firm and the sponsor under ORS 285C.160.

23 “(6) **The exemption allowed under this section does not apply to ad**
24 **valorem property taxes imposed by a school district or education ser-**
25 **vice district.**

26 “**SECTION 4.** ORS 285C.409 is amended to read:

27 “285C.409. (1) A facility of a certified business firm is exempt from ad
28 valorem property taxation:

29 “(a) For the first tax year following the calendar year in which the
30 business firm is certified under ORS 285C.403 or after which construction or

1 reconstruction of the facility commences, whichever event occurs later;

2 “(b) For each subsequent tax year in which the facility is not yet in ser-
3 vice as of the assessment date; and

4 “(c) For a period of at least seven consecutive tax years but not more
5 than 15 consecutive tax years, as provided in the written agreement between
6 the business firm and the rural enterprise zone sponsor under ORS 285C.403
7 (3)(c), if the facility satisfies the requirements of ORS 285C.412. The period
8 described in this paragraph shall commence as of the first tax year in which
9 the facility is in service as of the assessment date.

10 “(2) An exemption **allowed** under this section may not be allowed for real
11 or personal property that has received a property tax exemption under ORS
12 285C.170 or 285C.175.

13 “(3) For each tax year that the facility is exempt from taxation under this
14 section, the county assessor shall:

15 “(a) Enter on the assessment and tax roll, as a notation, the real market
16 value and assessed value of the facility.

17 “(b) Enter on the assessment and tax roll, as a notation, the amount of
18 tax that would be due if the facility were not exempt.

19 “(c) Indicate on the assessment and tax roll that the property is exempt
20 and is subject to potential additional taxes as provided in ORS 285C.420 by
21 adding the notation ‘enterprise zone exemption (potential additional tax).’

22 “(4) The amount determined under subsection (3)(b) of this section and the
23 name of the business firm shall be reported to the Department of Revenue
24 on or before December 31 of each tax year so that the department may
25 compute the distributions described in ORS 317.131.

26 “(5) The following property may not be exempt from property taxation
27 under this section:

28 “(a) Land.

29 “(b) Any property that existed at the facility on an assessment date before
30 the assessment date for the first tax year for which property of the firm is

1 exempt under this section.

2 **“(6) The exemption allowed under this section does not apply to ad**
3 **valorem property taxes imposed by a school district or education ser-**
4 **vice district.**

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

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

10 “(a) That portion of the real market value of the eligible project that
11 equals the minimum cost of the project under ORS 285C.606 (1)(c), increased
12 annually for growth at the rate of three percent, shall be taxable at the
13 taxable portion’s assessed value under ORS 308.146. The taxable portion of
14 real market value, as adjusted, shall be allocated as follows until the entire
15 amount is assigned: first to land, second to buildings, third to real property
16 machinery and equipment and last to personal property.

17 “(b) The remainder of the real market value shall be exempt from taxation
18 for a period of 15 years from the beginning of the tax year after the earliest
19 of the following dates:

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

23 “(B) The expiration of the exemption for commercial facilities under
24 construction under ORS 307.330.

25 “(2) If the real market value of the property falls below the value deter-
26 mined under subsection (1)(a) of this section, the owner or lessee shall pay
27 taxes only on the assessed value of the property.

28 “(3) Notwithstanding subsection (1) of this section, real or personal
29 property that has received an exemption under ORS 285C.175 may not be
30 assessed under this section.

1 “(4) The exemption allowed under this section does not apply to ad
2 valorem property taxes imposed by a school district or education ser-
3 vice district.

4 “[(4)] (5) The Department of Revenue may adopt rules and prescribe forms
5 that the department determines are necessary for administration of this sec-
6 tion.

7 “[(5)] (6) The determination by the Oregon Business Development Com-
8 mission that a project is an eligible project that may receive a tax exemption
9 under this section shall be conclusive, [so] as long as the property included
10 in the eligible project is constructed and installed in accordance with the
11 application approved by the commission.

12 “[(6)] (7) Notwithstanding subsection (1) of this section, if the owner or
13 lessee of property exempt under this section fails to pay the fee required
14 under ORS 285C.609 (4)(b) by the end of the tax year in which it is due, the
15 exemption shall be revoked and the property shall be fully taxable for the
16 following tax year and for each subsequent tax year for which the fee re-
17 mains unpaid. If an unpaid fee is paid after the exemption is revoked, the
18 property shall again be eligible for the exemption provided under this sec-
19 tion, beginning with the tax year after the payment is made. Reinstatement
20 of the exemption under this subsection shall not extend the 15-year ex-
21 emption period provided for in subsection (1)(b) of this section.

22 “**SECTION 6.** ORS 307.330 is amended to read:

23 “307.330. (1) Except for property centrally assessed by the Department of
24 Revenue, each new building or structure or addition to an existing building
25 or structure is exempt from taxation for each assessment year of not more
26 than two consecutive years if the building, structure or addition:

27 “(a) Is in the process of construction on January 1;

28 “(b) Is not in use or occupancy on January 1;

29 “(c) Has not been in use or occupancy at any time prior to such January
30 1 date;

1 “(d) Is being constructed in furtherance of the production of income; and

2 “(e) Is, in the case of nonmanufacturing facilities, to be first used or oc-
3 cupied not less than one year from the time construction commences. Con-
4 struction shall not be deemed to have commenced until after demolition, if
5 any, is completed.

6 “(2) If the property otherwise qualifies for exemption under this section
7 and ORS 307.340, the exemption shall likewise apply to any machinery or
8 equipment located at the construction site which is or will be installed in
9 or affixed to such building, structure or addition.

10 “(3) **The exemption allowed under this section does not apply to ad**
11 **valorem property taxes imposed by a school district or education ser-**
12 **vice district.**

13 “**SECTION 7.** Section 1, chapter 96, Oregon Laws 2016, is amended to
14 read:

15 “**Sec. 1.** (1) The governing body of a city or county, or of a port organized
16 under ORS chapter 777 or 778, may adopt an ordinance or resolution pro-
17 viding for programs that offer either or both of the following ad valorem
18 property tax incentive benefits:

19 “(a) Special assessment of any land that constitutes a brownfield, as de-
20 fined in ORS 285A.185, located within the respective jurisdiction of the city,
21 county or port.

22 “(b) Exemption or partial exemption of improvements and personal prop-
23 erty on land described in paragraph (a) of this subsection.

24 “(2)(a) An ordinance or resolution adopted under this section shall specify
25 the eligibility requirements for the programs, including, but not limited to,
26 a showing by the owner of a brownfield in an application filed under section
27 **2, chapter 96, Oregon Laws 2016** [of this 2016 Act]:

28 “(A) That the owner or authorized representative of the owner has ob-
29 tained, as applicable, a site evaluation, preliminary assessment, confirmation
30 of release or remedial investigation of the brownfield prepared by a geologist

1 registered under ORS 672.505 to 672.705 or a professional engineer as defined
2 in ORS 672.002.

3 “(B) If the site evaluation, preliminary assessment, confirmation of re-
4 lease or remedial investigation required under subparagraph (A) of this par-
5 agraph concludes that a remedial action, as defined in ORS 465.200, is
6 required in response to the release of a hazardous substance at the
7 brownfield, that the remedial action shall be conducted pursuant to an
8 agreement with, an order of or a program or process authorized by the De-
9 partment of Environmental Quality under ORS 465.200 to 465.455 and 465.900.

10 “(C) That the owner is in compliance with any agreement, order, program
11 or process governing the conduct of the remedial action under subparagraph
12 (B) of this paragraph.

13 “(D) That the report of the site evaluation, preliminary assessment, con-
14 firmation of release or remedial investigation required under subparagraph
15 (A) of this paragraph, and a report prepared by a geologist or professional
16 engineer showing that any remedial action has complied with any applicable
17 agreement, order, program or process authorized by the department and with
18 any other applicable state law administered by the department, have been
19 submitted to the department.

20 “(b) Notwithstanding paragraph (a) of this subsection, property is not el-
21 igible for tax incentive programs adopted pursuant to this section if, at the
22 time an application for the property is filed under section 2, **chapter 96,**
23 **Oregon Laws 2016** [*of this 2016 Act*], the property is:

24 “(A) Subject to assessment under ORS 308.505 to 308.681;

25 “(B) State-appraised industrial property as defined in ORS 306.126; or

26 “(C) A federal Superfund site.

27 “(c) For any property tax year, property granted any other special as-
28 sessment, exemption or partial exemption may not be granted benefits under
29 a tax incentive program adopted pursuant to this section.

30 “(3)(a)(A) An ordinance or resolution adopted under this section shall

1 specify the period, not to exceed 10 years, for which the property tax incen-
2 tive program benefits may be granted.

3 “(B) The ordinance or resolution may allow for an additional period, not
4 to exceed five years, based on criteria set forth in the ordinance or resol-
5 ution.

6 “(b) Property may be granted a tax incentive program benefit under this
7 section until the earlier of:

8 “(A) The expiration of the period for which the property is eligible for the
9 benefit under paragraph (a) of this subsection; or

10 “(B) The date on which the dollar amount of the benefit equals the eli-
11 gible costs for the property as determined under section 3, **chapter 96,**
12 **Oregon Laws 2016** [*of this 2016 Act*].

13 “(c) If a city, county or port adopts both a special assessment and an ex-
14 emption or partial exemption program, the two program benefits must be
15 granted concurrently for any property.

16 “(d) The city, county or port may adopt any other provisions relating to
17 the property tax incentive programs that do not conflict with the require-
18 ments of sections 1 to 7, **chapter 96, Oregon Laws 2016** [*of this 2016 Act*].

19 “(4)(a) The city, county or port may amend or repeal an ordinance or re-
20 solution adopted under this section at any time.

21 “(b) Notwithstanding paragraph (a) of this subsection, property that is
22 receiving a tax incentive program benefit under this section when the ordi-
23 nance or resolution is amended or repealed shall continue to receive the
24 benefit pursuant to the provisions of the ordinance or resolution in effect
25 when the property was initially granted the benefit.

26 “(5)(a) An ordinance or resolution adopted under this section does not
27 become effective unless the rates of taxation of the taxing districts **other**
28 **than school districts** located within territory of the city, county or port
29 whose governing boards agree to the property tax incentive programs, when
30 combined with the rate of taxation of the city, county or port that adopted

1 the ordinance or resolution, equal 75 percent or more of the total combined
2 rate of taxation within the territory of the city, county or port.

3 “(b) If an ordinance or resolution becomes effective pursuant to paragraph
4 (a) of this subsection, the property tax incentive programs shall be effective
5 for the tax levies of all taxing districts **other than school districts** in
6 which a brownfield that is granted a property tax incentive program benefit
7 is located.

8 **SECTION 8.** ORS 285C.615 is amended to read:

9 285C.615. (1) On or before April 1 following each tax year that property
10 is exempt under ORS 307.123, the business firm that owns or leases the ex-
11 empt property shall submit a report to the Oregon Business Development
12 Department, in addition to any other reporting or filing requirement.

13 (2) The report shall be in a form prescribed by the Oregon Business De-
14 velopment Department and shall include:

15 (a) The assessed value and location of taxable and exempt property con-
16 stituting the eligible project and the corresponding payment and savings of
17 property taxes for the tax year, as ascertained from the county assessor;

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

21 (c) The average number of persons hired or employed by the business firm
22 in association with the eligible project, determined by dividing the total
23 number of hours for which such hired or employed persons were paid during
24 the immediate prior calendar year by 2,080;

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

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

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

1 (3)(a) If a business firm fails to provide a report required under this sec-
2 tion or to verify information as requested by the Oregon Business Develop-
3 ment Department, the Oregon Business Development Commission, upon
4 recommendation by the department, may suspend the determination of the
5 commission that the project receive the tax exemption provided for in ORS
6 307.123.

7 (b) If the commission suspends the determination of eligibility under this
8 subsection, the exemption is revoked as provided in ORS 307.123 [(6)](7),
9 until the department receives the report.

10 (c) Upon receipt of a report required under this section or the information
11 requested by the department, the department shall notify the commission and
12 the commission shall rescind the suspension under this subsection.

13 (4) Information collected under this section may be used by the Oregon
14 Business Development Department to make aggregate figures and analyses
15 of activity under the strategic investment program publicly available.

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

19 (6) After receiving the reports required under this section, the Oregon
20 Business Development Department shall compile and organize the reported
21 information for purposes of ORS 285C.635 and transmit it to the Oregon
22 Department of Administrative Services. The Oregon Business Development
23 Department shall transmit the information not later than April 15.

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

26 **SECTION 9. (1) The amendments to ORS 285C.170, 285C.175,**
27 **285C.362, 285C.409, 307.123 and 307.330 by sections 1 to 6 of this 2017 Act**
28 **apply to exemptions first allowed on or after the effective date of this**
29 **2017 Act.**

30 **“(2) The amendments to section 1, chapter 96, Oregon Laws 2016,**

1 by section 7 of this 2017 Act apply to percentage determinations made
2 under section 1 (5), chapter 96, Oregon Laws 2016, on or after the ef-
3 fective date of this 2017 Act.

4 **“SECTION 10. Any exemption, partial exemption or special assess-
5 ment granted for purposes of ad valorem property taxation shall not
6 apply to property taxes imposed by a school district if:**

7 **“(1) The statute granting the exemption, partial exemption or spe-
8 cial assessment is first enacted on or after the effective date of this
9 2017 Act.**

10 **“(2) A sunset date applicable to the statute granting the exemption,
11 partial exemption or special assessment is extended by law on or after
12 the effective date of this 2017 Act. For purposes of this subsection, the
13 exclusion required under this section applies to the first property tax
14 year that begins on or after the effective date of the law extending the
15 sunset date.**

16 **“(3) The exemption, partial exemption or special assessment is
17 granted in a larger amount, other than by annual indexing pursuant
18 to law, or at a larger percentage, or is extended to apply to a broader
19 class of property, under a law first enacted on or after the effective
20 date of this 2017 Act. For purposes of this subsection, the exclusion
21 required under this section applies to the first property tax year that
22 begins on or after the effective date of the law described in this sub-
23 section and applies to the entire amount or percentage of the ex-
24 emption, partial exemption or special assessment, and to all eligible
25 classes of property.**

26 **“SECTION 11. 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