

# Senate Bill 34

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Governor Kate Brown for Oregon Business Development Department)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Amends industrial site readiness program to allow Oregon Business Development Department to enter into tax reimbursement arrangements for eligible site preparation costs with private owners. Limits reimbursement for private owners to 50 percent of eligible site preparation costs. Excludes certain acquisition and assembly costs from eligible site preparation costs of private owners. Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to industrial site readiness; creating new provisions; amending ORS 285B.626 and 285B.627;  
3 and prescribing an effective date.

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

5 **SECTION 1.** ORS 285B.626 is amended to read:

6 285B.626. As used in ORS 285B.625 to 285B.632:

7 (1) "Eligible employer" means an employer **or employers** that:

8 (a) [*Is*] **Are** conducting a traded sector business on a regionally significant industrial site; and

9 (b)(A) With respect to a rural site, [*has*] **have** hired at least 25 full-time employees whose wages  
10 average at least [*150*] **130** percent of the county or state average wage, whichever is less; or

11 (B) With respect to an urban site, [*has*] **have** hired at least 50 full-time employees whose wages  
12 average at least [*150*] **130** percent of the county or state average wage, whichever is less.

13 (2) "Estimated incremental income tax revenues" means the Oregon personal income tax reven-  
14 ues that are equivalent to the amount of tax that employees of an eligible employer who are hired  
15 by the eligible employer on a designated regionally significant industrial site have paid under ORS  
16 chapter 316 in the tax years following the first tax year in which the eligible employer begins con-  
17 ducting a traded sector business on the designated regionally significant industrial site.

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

22 (4) "Project sponsor" means:

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

25 (b) A public entity that has entered into a development or other agreement with the private  
26 owner of a regionally significant industrial site to prepare the site for industrial use **using public**  
27 **or private funds**.

28 (5) "Regionally significant industrial site" means a site planned and zoned for industrial use

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 that:

2 (a)(A) Is suitable for the location of new industrial uses or the expansion of existing industrial  
3 uses and that can provide significant additional employment in the region;

4 (B) Has site characteristics that provide significant competitive advantages that are difficult or  
5 impossible to replicate in the region; and

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

9 (b) Is located in an area designated by Metro, as defined in ORS 197.015, as a regionally sig-  
10 nificant industrial area.

11 (6) “Rural site” means a regionally significant industrial site located in an area outside of a  
12 metropolitan statistical area, as defined by the most recent federal decennial census.

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

14 (8) “Urban site” means a regionally significant industrial site located in a metropolitan statis-  
15 tical area, as defined by the most recent federal decennial census, that is located inside a regional  
16 or metropolitan urban growth boundary.

17 (9) “Wage” has the meaning given that term pursuant to rules adopted by the Oregon Business  
18 Development Department.

19 **SECTION 2.** ORS 285B.627 is amended to read:

20 285B.627. (1) In consultation with the Department of Revenue, the Oregon Business Development  
21 Department shall establish and administer the Oregon Industrial Site Readiness Program. The pur-  
22 pose of the program is to:

23 (a) Enter into tax reimbursement arrangements with qualified project sponsors **or private**  
24 **owners or both** pursuant to subsection (5) of this section; or

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

27 (2)(a) Subject to standards and procedures that the Oregon Business Development Department  
28 shall establish by rule, the department shall designate regionally significant industrial sites for  
29 inclusion in the program.

30 (b) A regionally significant industrial site designated under this section must be an industrial  
31 site that is planned and zoned for industrial use.

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

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

36 (5) Upon qualification of a project sponsor under this section, and before July 1, 2023, the de-  
37 partment may **take either of the following actions:**

38 (a)(A) **Subject to subparagraph (B) of this paragraph,** enter into a tax reimbursement ar-  
39 rangement with the project sponsor **or private owners or both** pursuant to which the project  
40 sponsor **or private owners or both** shall receive an amount equal to 50 percent of the estimated  
41 incremental income tax revenues generated by an eligible employer per tax year, beginning with the  
42 first tax year following the tax year in which a project sponsor is qualified under this section, until  
43 the total investment of the qualified project sponsor in the eligible site preparation costs, including  
44 interest, established under subsection (7) of this section has been recovered, at which time the tax  
45 reimbursement arrangement shall end; *or*].

1       **(B) Private owners may be reimbursed under this paragraph in an amount that does not**  
 2 **exceed 50 percent of the private owners' eligible site preparation costs. Private owners' eli-**  
 3 **gible site preparation costs may not include acquisition and assembly costs described in**  
 4 **subsection (7)(a) of this section.**

5       (b) Enter into a loan agreement with the project sponsor under terms and conditions specified  
 6 and required by the department. In making a determination to enter into a loan agreement with the  
 7 project sponsor, the department shall consider the reasonableness of the project sponsor's estimated  
 8 costs to prepare the site for industrial use, including but not limited to eligible site preparation  
 9 costs established by the department pursuant to subsection (7) of this section. *[The agreement may*  
 10 *specify that a portion of the loan may be forgiven if the project sponsor enters into a contract with an*  
 11 *eligible employer to conduct a business in the traded sector industry on a regionally significant in-*  
 12 *dustrial site within seven years after the project sponsor was qualified under this section.]*

13       **(6)(a) A loan agreement entered into under subsection (5)(b) of this section may specify**  
 14 **that a portion of the loan may be forgiven if the project sponsor enters into a contract with**  
 15 **an eligible employer to conduct a business in the traded sector industry on a regionally sig-**  
 16 **nificant industrial site within seven years after the project sponsor was qualified under this**  
 17 **section.**

18       **(b)** The total amount of the loan that may be forgiven under **this** subsection *[(5) of this*  
 19 *section]* is the lesser of:

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

21       (B) Fifty percent of the amount of the estimated incremental income tax revenues for the eligible  
 22 employer for the term of the loan.

23       **[(b)] (c)** Loan forgiveness may not be allowed under **this** subsection *[(5) of this section]* if any  
 24 portion of the loan that would not be forgiven would be repaid by the project sponsor with state  
 25 funds received from any source.

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

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

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

31       (c) Water and sewer infrastructure.

32       (d) Natural resource mitigation.

33       (e) Site grading activities.

34       (f) Environmental remediation and mitigation activities to address brownfields issues in accord-  
 35 ance with state and federally approved remediation plans.

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

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

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

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

45       (a) A penalty or fine; or

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

6 (10) The department shall adopt rules to administer and implement the provisions of this section.

7 **SECTION 3. The amendments to ORS 285B.626 and 285B.627 by sections 1 and 2 of this**  
8 **2019 Act apply to tax reimbursement arrangements and loan agreements entered into on or**  
9 **after the effective date of this 2019 Act.**

10 **SECTION 4. This 2019 Act takes effect on the 91st day after the date on which the 2019**  
11 **regular session of the Eightieth Legislative Assembly adjourns sine die.**

12

---