Senate Bill 34

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

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

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

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

(1) “Eligible employer” means an employer or employers that:

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

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

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

(2) “Estimated incremental income tax revenues” means the Oregon personal income tax revenues that are equivalent to the amount of tax that employees of an eligible employer who are hired by the eligible employer on a designated regionally significant industrial site have paid under ORS chapter 316 in the tax years following the first tax year in which the eligible employer begins conducting a traded sector business on the designated regionally significant industrial site.

(3) “Industrial use” means employment activities, including but not limited to manufacturing, fabrication, processing, storage, logistics, warehousing, importation, distribution, transshipment and research and development, that generate income from the production, handling or distribution of goods or services, including goods or services in the traded sector.

(4) “Project sponsor” means:

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

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

(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.

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that:

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

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

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

(b) Is located in an area designated by Metro, as defined in ORS 197.015, as a regionally significant industrial area.

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

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

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

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

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

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

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

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

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

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

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

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

(5) Upon qualification of a project sponsor under this section, and before July 1, 2023, the department may take either of the following actions:

(a)(A) Subject to subparagraph (B) of this paragraph, enter into a tax reimbursement arrangement with the project sponsor or private owners or both pursuant to which the project sponsor or private owners or both shall receive an amount equal to 50 percent of the estimated incremental income tax revenues generated by an eligible employer per tax year, beginning with the first tax year following the tax year in which a project sponsor is qualified under this section, until the total investment of the qualified project sponsor in the eligible site preparation costs, including interest, established under subsection (7) of this section has been recovered, at which time the tax reimbursement arrangement shall end[; or].
(B) Private owners may be reimbursed under this paragraph in an amount that does not exceed 50 percent of the private owners’ eligible site preparation costs. Private owners’ eligible site preparation costs may not include acquisition and assembly costs described in subsection (7)(a) of this section.

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

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

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

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

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

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

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

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

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

(c) Water and sewer infrastructure.

(d) Natural resource mitigation.

(e) Site grading activities.

(f) Environmental remediation and mitigation activities to address brownfields issues in accordance with state and federally approved remediation plans.

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

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

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

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

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

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

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

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