

Senate Bill 1525

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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**.

Establishes requirements for business firm advertising construction project that will be subject to property tax exemption program. Requires business firm to notify enterprise zone sponsor or county if business firm or contractor for firm's construction project enters into project labor agreement.

Requires enterprise zone sponsor or county to provide Oregon Business Development Department with annual report of all project labor agreements entered into under property tax exemption programs.

Requires Oregon Business Development Department to submit annual summary report to legislative committees related to economic development setting forth details of business firm participation in property tax exemption programs.

Increases record retention requirement to demonstrate compliance with prevailing rate of wage to six years. Requires Bureau of Labor and Industries to report annually for five years to Legislative Assembly on efforts to modernize and streamline administration of prevailing rate of wage.

Authorizes rural enterprise zone sponsors to require business firms to satisfy other conditions related to employment opportunities for purposes of enterprise zone property tax exemption.

Amends economic development property tax exemption program statutes to ensure counties, county assessors, business firms, enterprise zone sponsors, Department of Revenue and Oregon Business Development Department receive information, and make commitments, necessary to comply with requirements of Act.

Becomes operative January 1, 2021.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to projects receiving public expenditures; creating new provisions; amending ORS 279C.845,
3 285C.105, 285C.125, 285C.130, 285C.140, 285C.145, 285C.150, 285C.403, 285C.409, 285C.415,
4 285C.609 and 285C.615; and prescribing an effective date.

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

BUSINESS FIRM NOTICE REQUIREMENTS

SECTION 1. As used in sections 1, 2, 3 and 4 of this 2020 Act:

10 (1) **"Building or structure" includes, but is not limited to, an energy facility.**

11 (2)(a) **"Construction project" means:**

12 (A) **Construction of a new building or structure;**

13 (B) **An addition or renovation that increases the square footage, footprint or components**
14 **of an existing building or structure by at least 50 percent; or**

15 (C) **The modification of an existing building or structure that changes the use or occu-**
16 **pancy classification of the entire building or structure.**

17 (b) **"Construction project" does not include a project that consists solely of:**

18 (A) **Routine maintenance or repair; or**

19 (B) **Changes to machinery and equipment.**

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 (3) "Exemption" includes partial exemptions.

2 (4) "Project labor agreement" means a prehire collective bargaining agreement with one
3 or more labor organizations that establishes the terms and conditions of employment for a
4 specific construction project.

5 (5) "Property tax exemption program" means:

6 (a) The enterprise zone ad valorem property tax exemption available under ORS 285C.175
7 for the qualified property of a subject business firm as defined in subsection (6)(a) of this
8 section in accordance with ORS 285C.050 to 285C.250;

9 (b) The long term rural enterprise zone ad valorem property tax exemption available
10 under ORS 285C.409 for the facility of a subject business firm as defined in subsection (6)(b)
11 of this section in accordance with ORS 285C.400 to 285C.420; and

12 (c) The strategic investment program ad valorem property tax exemption available under
13 ORS 307.123 for the eligible project of a subject business firm as defined in subsection (6)(c)
14 of this section in accordance with ORS 285C.600 to 285C.635.

15 (6) "Subject business firm" means:

16 (a) An eligible business firm authorized under ORS 285C.140 whose qualified property is
17 granted exemption under ORS 285C.175 (7);

18 (b) A business firm certified under ORS 285C.403 whose facility is granted exemption
19 under ORS 285C.409 (1)(c); and

20 (c) A business firm whose eligible project is granted exemption under ORS 307.123 in ac-
21 cordance with the provisions of ORS 285C.600 to 285C.635.

22 **SECTION 2.** (1)(a) A subject business firm undertaking a proposed construction project
23 that will be subject to the requirements of a property tax exemption program shall publish
24 at least one advertisement for the construction project:

25 (A) In a newspaper of general circulation or on an Internet website available in the ge-
26 ographical area in which the construction project will be undertaken; and

27 (B) In a statewide publication for construction contractors or building trades.

28 (b) All advertisements published pursuant to this subsection must include all of the fol-
29 lowing information:

30 (A) A description of the construction project.

31 (B) Contact information for potential bidders to obtain specifications for the construction
32 project.

33 (C) The date and time by which bids must be submitted in order to be considered. The
34 submission deadline must be at least 14 days following the date of the last publication of all
35 advertisements.

36 (D) Contact information for submission of bids.

37 (E) Whether the construction project will be subject to the prevailing rate of wage under
38 ORS 279C.800 to 279C.870.

39 (2)(a) A subject business firm shall provide notice of a proposed construction project that
40 is subject to the requirements of a property tax exemption program to at least one statewide
41 building trades organization at least 14 days before the submission deadline for bids for the
42 proposed construction project.

43 (b) The notice required under this subsection must include all of the information set
44 forth in subsection (1)(b) of this section.

45 (3)(a) As soon as practicable after a subject business firm undertaking a construction

1 project that is subject to the requirements of a property tax exemption program, or a con-
 2 tractor with which the subject business firm has entered into an agreement directly related
 3 to the construction project, enters into a project labor agreement with respect to the con-
 4 struction project, the subject business firm shall notify the sponsor of the enterprise zone,
 5 or the governing body of the county, as applicable, in which the construction project will be
 6 undertaken of the project labor agreement.

7 (b) The notice required under this subsection must be sent within 30 days following the
 8 date on which the project labor agreement becomes binding on the parties to the agreement.

9 (4) The notice requirements under this section do not apply to:

10 (a) Any element of a construction project that has been included in a previous notice for
 11 the construction project.

12 (b) A construction project involving property that qualifies for exemption under ORS
 13 285C.145, with respect to any construction, addition, renovation or modification that was
 14 commenced before the property qualified under ORS 285C.145.

15
 16 **ZONE SPONSOR AND COUNTY REPORTING REQUIREMENT**

17
 18 **SECTION 3.** As soon as practicable after January 1 of each year, the sponsor of an en-
 19 terprise zone or the governing body of a county shall submit to the Oregon Business Devel-
 20 opment Department a report setting forth all project labor agreements entered into with
 21 respect to each construction project that is subject to the requirements of a property tax
 22 exemption program within the zone or county, as applicable.

23
 24 **OREGON BUSINESS DEVELOPMENT DEPARTMENT**
 25 **REPORTING REQUIREMENT**

26
 27 **SECTION 4.** (1) On or before December 15 of each year, the Oregon Business Develop-
 28 ment Department shall submit a summary report to the committees or interim committees,
 29 as applicable, of the Legislative Assembly related to economic development, with respect to
 30 all subject business firms whose property was granted exemption under a property tax ex-
 31 emption program for the immediately preceding property tax year.

32 (2) The summary report required under this section must include the reports required
 33 to be submitted to the department under section 3 of this 2020 Act and, with respect to each
 34 property tax exemption program for the immediately preceding property tax year:

35 (a) The name of each subject business firm described in subsection (1) of this section as
 36 shown in the records of the department;

37 (b) The estimated assessed value of exempt property and the estimated amount of ad
 38 valorem property taxes that would have been imposed on the property but for the exemption,
 39 as entered on the assessment and tax roll under ORS 285C.175;

40 (c) The total amount of fees and other payments made by a subject business firm de-
 41 scribed in subsection (1) of this section to a sponsor, county or any other payee pursuant to
 42 any agreement, resolution, policy or standards under a property tax exemption program,
 43 excluding administrative fees paid to a county assessor;

44 (d) Distributions to counties made under ORS 285C.635; and

45 (e) With respect to applicable requirements under the property tax exemption program

1 to which the property of the subject business firm is subject, if any:

2 (A) The number of new and existing employees; and

3 (B) The average annual wages paid to employees, with or without benefits, as available.

4 (3) The department may include in the summary report or otherwise release any other
5 information the department considers necessary or convenient to establish the context of the
6 information included under subsection (2) of this section, subject to all applicable laws gov-
7 erning the confidentiality of the information.

8 **SECTION 5.** The first summary report required under section 4 of this 2020 Act must be
9 submitted on or before December 15, 2021.

10
11 **PREVAILING RATE OF WAGE RECORD RETENTION AND**
12 **REPORT BY BUREAU OF LABOR AND INDUSTRIES**

13
14 **SECTION 6.** ORS 279C.845 is amended to read:

15 279C.845. (1) *[The]* A contractor or the contractor's surety and every subcontractor or the
16 subcontractor's surety shall file certified statements with the public agency in writing, on a form
17 prescribed by the Commissioner of the Bureau of Labor and Industries, certifying:

18 (a) The hourly rate of wage paid each worker whom the contractor or the subcontractor has
19 employed upon the public works; and

20 (b) That no worker employed upon the public works has been paid less than the prevailing rate
21 of wage or less than the minimum hourly rate of wage specified in the contract.

22 (2) The certified statement *[shall]* **must** be verified by the oath of the contractor or the
23 contractor's surety or subcontractor or the subcontractor's surety that the contractor or subcon-
24 tractor has read the certified statement, that the contractor or subcontractor knows the contents
25 of the certified statement and that to the contractor or subcontractor's knowledge the certified
26 statement is true.

27 (3) The certified statements *[shall]* **must** set out accurately and completely the contractor's or
28 subcontractor's payroll records, including the name and address of each worker, the worker's cor-
29 rect classification, rate of pay, daily and weekly number of hours worked and the gross wages the
30 worker earned upon the public works during each week identified in the certified statement.

31 (4) The contractor or subcontractor shall deliver or mail each certified statement required by
32 subsection (1) of this section to the public agency. Certified statements for each week during which
33 the contractor or subcontractor employs a worker upon the public works *[shall]* **must** be submitted
34 once a month, by the fifth business day of the following month. Information submitted on certified
35 statements may be used only to ensure compliance with the provisions of ORS 279C.800 to 279C.870.

36 (5) Each contractor or subcontractor shall preserve the certified statements for a period of
37 *[three]* **six** years from the date of completion of the contract.

38 (6) Certified statements *[received by]* **that** a public agency **receives** are public records subject
39 to the provisions of ORS 192.311 to 192.478.

40 (7) Notwithstanding ORS 279C.555 or 279C.570 (7), if a contractor *[is required to]* **must** file
41 certified statements under this section, the public agency shall retain 25 percent of any amount
42 earned by the contractor on the public works until the contractor has filed with the public agency
43 certified statements as required by this section. The public agency shall pay the contractor the
44 amount retained under this subsection within 14 days after the contractor files the certified state-
45 ments as required by this section, regardless of whether a subcontractor has failed to file certified

1 statements as required by this section. The public agency is not required to verify the truth of the
2 contents of certified statements [*filed by*] the contractor **files** under this section.

3 (8) Notwithstanding ORS 279C.555, the contractor shall retain 25 percent of any amount [*earned*
4 *by*] a first-tier subcontractor **earns** on a public works until the subcontractor has filed with the
5 public agency certified statements as required by this section. The contractor shall verify that the
6 first-tier subcontractor has filed the certified statements before the contractor may pay the subcon-
7 tractor any amount retained under this subsection. The contractor shall pay the first-tier subcon-
8 tractor the amount retained under this subsection within 14 days after the subcontractor files the
9 certified statements as required by this section. Neither the public agency nor the contractor is re-
10 quired to verify the truth of the contents of certified statements filed by a first-tier subcontractor
11 under this section.

12 **SECTION 7. Section 8 of this 2020 Act is added to and made a part of ORS 279C.800 to**
13 **279C.870.**

14 **SECTION 8. (1) The Commissioner of the Bureau of Labor and Industries, in cooperation**
15 **with the advisory committee described in ORS 279C.820, each year shall review the policies,**
16 **procedures and methods by which the Bureau of Labor and Industries implements and ad-**
17 **ministers ORS 279C.800 to 279C.870, with the aim of modernizing and streamlining the**
18 **bureau's implementation and administration.**

19 **(2) The commissioner shall report the results of the review described in subsection (1)**
20 **of this section to an interim committee of the Legislative Assembly related to public works**
21 **not later than December 31 in each of five successive years, beginning in 2021. The report**
22 **must describe the scope and nature of the review, the results of the review and any recom-**
23 **mendations for changes to legislation, administrative rules or bureau policies and procedures**
24 **that would further the objectives of modernizing and streamlining the implementation and**
25 **administration of ORS 279C.800 to 279C.870.**

26 **(3) This section is repealed on January 1, 2026.**

27
28 **RURAL ZONE SPONSORS' AUTHORITY**
29 **TO NEGOTIATE CONDITIONS**

30
31 **SECTION 9.** ORS 285C.150 is amended to read:

32 285C.150. (1) The sponsor of an [*urban*] enterprise zone may require an eligible business firm
33 seeking authorization under ORS 285C.140 to satisfy other conditions in order for the **business** firm
34 to be authorized.

35 (2) The conditions that a sponsor may impose under this section must be reasonably related to
36 the public purpose of providing opportunities for groups of persons, as defined by the sponsor, to
37 obtain employment, including but not limited to providing training to these groups of persons.

38 (3) The sponsor may establish procedures for monitoring and verifying compliance with condi-
39 tions imposed on the **eligible business** firm under this section and require the **business** firm to
40 agree to the procedures as a condition to authorizing the **business** firm.

41 (4) Conditions established under this section may be imposed on [*a*] **an eligible business** firm
42 only if the sponsor has adopted a policy that establishes standards for the imposition of the condi-
43 tions.

44 (5) Conditions imposed by a sponsor under this section shall be in addition to, and not in lieu
45 of, conditions and requirements imposed under ORS 285C.050 to 285C.250 or pursuant to an agree-

1 ment entered into under ORS 285C.160 and do not affect the duties of the Department of Revenue
2 or of the county assessor under ORS 285C.050 to 285C.250.

3 (6) [A] **The** sponsor of an [*urban*] enterprise zone that imposes conditions for authorization on
4 eligible business firms under this section shall submit a written report every four years to the Leg-
5 islative Assembly concerning the application and effects of the conditions on business firms within
6 the enterprise zone.

7
8 **AMENDMENTS FOR NOTICE AND REPORTING REQUIREMENTS**
9 **OF BUSINESS FIRMS, ZONE SPONSORS AND**
10 **OREGON BUSINESS DEVELOPMENT DEPARTMENT**
11

12 **SECTION 10.** ORS 285C.105 is amended to read:

13 285C.105. (1) The sponsor of an enterprise zone shall:

14 (a) Appoint a local zone manager. Upon appointment of the local zone manager, the sponsor
15 shall provide written notice [*thereof*] **of the appointment** to the Oregon Business Development De-
16 partment, the county assessor and the Department of Revenue.

17 (b) Provide, and assist all authorized or qualified business firms in using, enhanced local public
18 services, local incentives and local regulatory flexibility that a sponsor has elected, by policy, to
19 provide to any **business** firm seeking authorization in [*that*] **the enterprise** zone after adoption of
20 the policy.

21 (c) Review and approve or deny applications for authorization under ORS 285C.140.

22 (d) Assist the county assessor in administering the property tax exemption and in performing
23 other duties assigned to the assessor under ORS 285C.050 to 285C.250.

24 (e) Maintain, implement and periodically update a plan for marketing the enterprise zone, in-
25 cluding strategies for retention, expansion, start-up and recruitment of eligible business firms.

26 (f) Manage the enterprise zone in accordance with ORS 285C.050 to 285C.250.

27 (g) Identify property available for sale or lease to eligible business firms under ORS 285C.110.

28 (h) Prepare indices of street addresses, tax lot numbers or other information to facilitate the
29 identification of land inside [*of*] an urban enterprise zone.

30 (i) Provide written notice to the county assessor, the Department of Revenue, the Oregon Busi-
31 ness Development Department and any relevant publicly funded job training provider of the condi-
32 tions and policies adopted or normally sought by the sponsor under ORS 285C.150, 285C.155,
33 285C.160, [*or*] 285C.203 **or 285C.205**, and take the actions necessary to implement and enforce the
34 conditions and policies and any other reasonable requirements imposed pursuant to ORS
35 285C.155[,] **or** 285C.160 [*or* 285C.203].

36 (j) Conduct, or assist in conducting, annual reporting of enterprise zone activity [*or effort,*] if
37 requested **to do so** by the county assessor or the Oregon Business Development Department. **Such**
38 **assistance includes, but is not limited to, reviewing and responding to drafts of the written**
39 **reports due from the county assessor under ORS 285C.130 and from the department under**
40 **section 4 of this 2020 Act.**

41 (k) **Prepare an annual report as directed by the department listing each payment made**
42 **in cash by a business firm under ORS 285C.140 (1), 285C.205 (3) or 285C.240 (6), or as a result**
43 **of any additional condition or other requirement established by a sponsor pursuant to ORS**
44 **285C.150, 285C.155 or 285C.160.**

45 (2) If more than one city, county or port sponsors an enterprise zone, the jurisdictions shall act

1 jointly in performing the duties imposed on a sponsor under ORS 285C.050 to 285C.250.

2 **SECTION 11.** ORS 285C.125 is amended to read:

3 285C.125. For the purposes of ORS 285C.050 to 285C.250, the Department of Revenue shall:

4 (1) Adopt any rules the Department of Revenue considers necessary to implement ORS 285C.125,
5 285C.130, 285C.140, 285C.145, 285C.165, 285C.175, 285C.180, 285C.185, 285C.190, 285C.220, 285C.225,
6 285C.230, 285C.235 and 285C.240.

7 (2) Assist the Oregon Business Development Department, county assessors and the sponsors of
8 enterprise zones in their efforts to authorize or qualify eligible business firms.

9 (3) Assist an eligible business firm proposing to do business within an enterprise zone or doing
10 business within an enterprise zone to obtain the benefits of applicable tax incentive or inducement
11 programs administered or supervised by the Department of Revenue.

12 (4) Issue and print forms and worksheets to be used by business firms to make authorization
13 applications or exemption claims.

14 (5) **In consultation with the Oregon Business Development Department, prescribe the**
15 **form of the written report required to be submitted by county assessors under ORS 285C.130**
16 **(5).**

17 (6) **Assist county assessors with the written report required under ORS 285C.130 (5) and**
18 **the Oregon Business Development Department with the annual summary report required**
19 **under section 4 of this 2020 Act.**

20 **SECTION 12.** ORS 285C.130 is amended to read:

21 285C.130. The assessor of a county within which an enterprise zone is located shall:

22 (1) Assist the sponsor, the local zone manager appointed by the sponsor and business firms in
23 determining whether property will qualify for [a] **the** property tax exemption under ORS 285C.175.

24 (2) Review and approve or deny applications from eligible business firms for authorization under
25 ORS 285C.140.

26 (3) Process claims for property tax exemptions filed under ORS 285C.220 and exempt the quali-
27 fied property of authorized business firms from ad valorem property taxation in accordance with
28 ORS 285C.050 to 285C.250.

29 (4) Take action necessary under ORS 285C.240.

30 (5) Submit a written report to the Department of Revenue on or before July 1 of each assessment
31 year. The report for each enterprise zone, or portion of [a] **an enterprise** zone that is located in the
32 county, shall include the following information, organized by business firm:

33 (a) The assessor's estimate of the assessed value of qualified property that was exempt under
34 ORS 285C.175 for the previous tax year and **of** the taxes that would have been imposed on the
35 qualified property, as entered on the assessment and tax roll under ORS 285C.175 (7).

36 (b) The annual average number of employees of the **business** firm within the enterprise zone
37 during the previous assessment year, as reported on the exemption claim filed under ORS 285C.220.

38 (c) The annual average **wage and** compensation for the previous assessment year of new em-
39 ployees hired by the **business** firm within the enterprise zone, if the **business** firm is subject to [*the*
40 *annual compensation*] **any** requirements [*of*] **under** ORS 285C.160 [(3)], as reported on the exemption
41 claim filed under ORS 285C.220.

42 (d) The assessor's estimate of the assessed value, for the current tax year, of qualified property
43 that was exempt under ORS 285C.175 for the previous tax year and that is not exempt under ORS
44 285C.175 for the current tax year.

45 (e) The total investment cost of qualified property first reported on the exemption claim filed

1 under ORS 285C.220 that includes a property schedule submitted by the business firm pursuant to
2 ORS 285C.225 for the current tax year.

3 (f) The current number of employees of the **business** firm, as reported on the exemption claim
4 filed under ORS 285C.220 and described in paragraph (e) of this subsection.

5 (g) Any other information the assessor or the Department of Revenue considers appropriate.

6 (6) Send a copy of a report prepared under subsection (5) of this section to the sponsor of the
7 enterprise zone and to the Oregon Business Development Department **and, upon request of the**
8 **Oregon Business Development Department, clarify or confirm information contained in the**
9 **report for purposes of section 4 of this 2020 Act.**

10 **SECTION 13.** ORS 285C.140 is amended to read:

11 285C.140. (1)(a) Any eligible business firm seeking to have property exempt from property taxa-
12 tion under ORS 285C.175 shall, before the commencement of direct site preparation activities or the
13 construction, addition, modification or installation of qualified property in an enterprise zone, and
14 before the hiring of eligible employees, apply for authorization under this section.

15 (b) The application shall be made on a form prescribed by the Department of Revenue and the
16 Oregon Business Development Department.

17 (c) The application shall be filed with the sponsor of the **enterprise** zone. A sponsor may require
18 that the application filed with the sponsor be accompanied by a filing fee. If required, the filing fee
19 may not exceed the greater of \$200 or one-tenth of one percent of the value of the investment in
20 qualified property that is proposed in the application for authorization. The filing fee may be re-
21 quired for the filing of applications only after the sponsor adopts a policy, consistent with Oregon
22 Business Development Department rules, authorizing the imposition of the filing fee.

23 (2) The application shall contain the following information:

24 (a) A description of the nature of the **business** firm's current and proposed business operations
25 inside the boundary of the enterprise zone;

26 (b) A description and estimated value of the qualified property to be constructed, added, modi-
27 fied or installed inside the boundary of the enterprise zone;

28 (c) The number of employees [*of the firm*] that the **business** firm employs within the enterprise
29 zone, averaged over the previous 12 months, and an estimate of the number of employees that the
30 **business** firm will hire;

31 (d) A commitment to meet all requirements of ORS 285C.200 and 285C.215, and to verify com-
32 pliance with these requirements;

33 (e) A commitment to satisfy all additional conditions for authorization that are imposed by the
34 enterprise zone sponsor under ORS 285C.150, 285C.155 or 285C.205 or pursuant to an agreement
35 entered into under ORS 285C.160, and to verify compliance with these additional conditions;

36 (f) A commitment to renew the application, consistent with ORS 285C.165, every two years while
37 the **enterprise** zone exists if the **business** firm has not filed a claim under ORS 285C.220 that is
38 based on the application; [*and*]

39 **(g) A commitment to advertise construction projects in accordance with section 2 of this**
40 **2020 Act; and**

41 [*g*] **(h)** Any other information considered necessary by the Department of Revenue and the
42 Oregon Business Development Department.

43 (3) After an application is submitted to a sponsor, the business firm may revise or amend the
44 application. An amendment or revision may not be made on or after January 1 of the first assess-
45 ment year for which [*the*] **any** qualified property associated with the application is exempt under

1 ORS 285C.175.

2 (4) If an application for authorization appears to be complete and the proposed investment ap-
3 pears to be eligible for authorization, the sponsor and the business firm shall conduct a preauthori-
4 zation conference. The assessor of the county in which the property will be located shall be timely
5 notified and have the option to participate in the conference. The conference shall:

6 (a) Identify issues with the potential to affect compliance with relevant exemption requirements,
7 including but not limited to enterprise zone boundary amendments;

8 (b) Arrange for methods and procedures to establish and verify compliance with applicable re-
9 quirements; and

10 (c) Identify the person who is obligated to notify the county assessor if requirements are not
11 satisfied.

12 (5) Upon completion of the preauthorization conference required under subsection (4) of this
13 section, the sponsor shall prepare a written summary of the conference, attach the summary to the
14 application and forward the application to the county assessor for review.

15 (6) Following the preauthorization conference under subsection (4) of this section, the sponsor
16 and the county assessor shall authorize the business firm by approving the application, if the spon-
17 sor and county assessor determine that:

18 (a) The current or proposed operations of the business firm in the enterprise zone result in the
19 **business** firm being eligible under ORS 285C.135; and

20 (b) The **business** firm has made the commitments and provided the other information required
21 under subsection (2) of this section.

22 (7) If the business firm seeking authorization is an eligible business firm described in ORS
23 285C.135 (5)(b), the sponsor must, as a condition of approving the application, make a formal finding
24 that the business firm is an eligible business firm under ORS 285C.135 and that the size of the pro-
25 posed investment, the employment at the facility of the **business** firm or the nature of the activities
26 to be undertaken by the **business** firm within the enterprise zone will significantly enhance the lo-
27 cal economy, promote the purposes for which the **enterprise** zone was created and increase em-
28 ployment within the **enterprise** zone.

29 (8) The approval of both the sponsor and the county assessor under this section shall be prima
30 facie evidence that the qualified property of the business firm will receive the property tax ex-
31 emption under ORS 285C.175. *[In]* **Within 30 days** of approving the application, the sponsor and
32 county assessor shall provide proof of approval as directed by the Oregon Business Development
33 Department, **including, but not limited to, any executed agreement, resolution, policy or**
34 **standards setting forth additional conditions or requirements imposed under ORS 285C.150,**
35 **285C.155 or 285C.160.**

36 (9) If the sponsor or county assessor fails or refuses to authorize the business firm, the business
37 firm may appeal to the Oregon Tax Court under ORS 305.404 to 305.560. The business firm shall
38 provide copies of the **business** firm's appeal to the sponsor, county assessor, the Department of
39 Revenue and the Oregon Business Development Department.

40 (10) Authorization under this section does not ensure that property constructed, added, modified
41 or installed by the authorized business firm will receive property tax exemption under ORS 285C.175.
42 The sponsor and the county assessor are not liable in any way if the Department of Revenue or the
43 county assessor later determines that an authorized business firm does not satisfy the requirements
44 for an exemption on qualified property.

45 (11) Notwithstanding subsection (1) of this section, if an eligible business firm has begun or

1 completed the construction, addition, modification or installation of property that meets the quali-
 2 fications of ORS 285C.180, and the property has not yet been subject to property tax after having
 3 been placed in service, then, for purposes of ORS 285C.050 to 285C.250, the **business** firm shall be
 4 authorized under this section if the **business** firm files an application that is allowed under sub-
 5 section (12) of this section and is otherwise authorized under this section.

6 (12) Late submission of an application under this section is allowed if:

7 (a) A rule permits late submissions of applications under this section; or

8 (b) The Department of Revenue waives filing deadline requirements under this section. The de-
 9 partment shall issue a letter to the eligible business firm and zone sponsor setting forth the waiver
 10 under this paragraph.

11 **SECTION 14.** ORS 285C.145 is amended to read:

12 285C.145. (1) The Legislative Assembly finds that the standard procedure for authorization in
 13 an enterprise zone inappropriately deters development or redevelopment of qualified buildings on
 14 speculation for subsequent sale or lease to eligible business firms.

15 (2) Notwithstanding ORS 285C.140 (1), a new building or structure or an addition to or modifi-
 16 cation of an existing building or structure may qualify for the exemption allowed under ORS
 17 285C.175 if the qualified property is leased or sold by an unrelated party to one or more authorized
 18 business firms after commencement of the construction, addition or modification but prior to use or
 19 occupancy of the qualified property.

20 (3) A business firm may not be considered authorized and is not qualified for the exemption al-
 21 lowed under ORS 285C.175 if the county assessor discovers prior to initially granting the exemption
 22 that the application for authorization was not submitted by the business firm in a timely manner in
 23 accordance with ORS 285C.140, except as allowed under subsection (2) of this section or ORS
 24 285C.140 (11) and (12).

25 (4)(a) Records, communications or information submitted to a public body by a business firm for
 26 purposes of ORS 285C.050 to 285C.250 **are exempt from disclosure under ORS 192.311 to 192.478**
 27 **if the records, communications or information:**

28 (A) *[that]* Identify *[a]* particular qualified property;[,]

29 (B) *[that]* Reveal investment plans prior to authorization;[,]

30 (C) *[that]* Include the compensation the **business** firm provides to **any individual employee of**
 31 **the business** firm *[employees,];*

32 (D) *[that]* Are described in ORS 192.355 (17); or

33 (E) *[that]* Are submitted under ORS 285C.225 or 285C.235 *[are exempt from disclosure under ORS*
 34 *192.311 to 192.478].*

35 (b) **Records, communications and information described in paragraph (a) of this sub-**
 36 **section may** *[and, as appropriate, shall]* be shared among the county assessor, the zone sponsor, the
 37 Department of Revenue and the Oregon Business Development Department, **as appropriate.**

38 **SECTION 15.** ORS 285C.403 is amended to read:

39 285C.403. (1) Any business firm proposing to apply for the tax exemption provided under ORS
 40 285C.409 shall, before the commencement of construction or installation of property or improvements
 41 at a location in a rural enterprise zone and before the hiring of employees, apply for certification
 42 with the sponsor of the zone and with the county assessor of the county *[or counties]* in which the
 43 *[zone]* **business firm's proposed facility** is located. The application shall be made on a form pre-
 44 scribed by the Department of Revenue.

45 (2) The application shall contain the following information:

1 (a) A description of the **business** firm's proposed business operations and facility in the rural
2 enterprise zone;

3 (b) A description and estimated cost or value of the property or improvements to be constructed
4 or installed at the facility;

5 (c) An estimate of the number of employees at the facility that will be hired by the **business**
6 firm;

7 (d) A commitment to meet the applicable requirements of ORS 285C.412 **and to submit to the**
8 **sponsor for each year of exemption under ORS 285C.409 (1)(c) the number of full-time em-**
9 **ployees, and the annual average wage and compensation of the employees, at the exempt**
10 **facility;**

11 (e) A commitment to satisfy all additional conditions agreed to pursuant to the written agree-
12 ment between the rural enterprise zone sponsor and the business firm under subsection (3)(c) of this
13 section; [*and*]

14 **(f) A commitment to advertise construction projects in accordance with section 2 of this**
15 **2020 Act; and**

16 [*ff*] (g) Any other information considered necessary by the Department of Revenue.

17 (3) The sponsor and the county assessor shall certify the business firm by approving the appli-
18 cation if the sponsor and the county assessor determine that all of the following requirements have
19 been met:

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

22 (b) The business firm has [*committed to meet the applicable requirements of ORS 285C.412.*] **made**
23 **the commitments and provided the information required under subsection (2) of this section.**

24 (c) The business firm has entered into a written agreement with the sponsor of the rural enter-
25 prise zone that may include any additional requirements that the sponsor may reasonably request,
26 including but not limited to contributions for local services or infrastructure benefiting the facility.
27 The written agreement shall state the number of consecutive tax years for which the facility, fol-
28 lowing commencement of operations, is to be exempt from property tax under ORS 285C.409. The
29 agreement may not provide for a period of exemption that is less than seven consecutive tax years
30 or more than 15 consecutive tax years. If the agreement is silent on the number of tax years for
31 which the facility is to be exempt following placement in service, the exemption shall be for seven
32 consecutive tax years.

33 (d) When the written agreement required under paragraph (c) of this subsection is executed, the
34 facility is located in:

35 (A) A qualified rural county; or

36 (B) A county with chronically low income or chronic unemployment, based on the most recently
37 revised annual data available.

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

41 (5) **Within 30 days of approving an application,** the sponsor and the county assessor shall
42 provide copies of [*an*] **the** approved application to the applicant, the Department of Revenue and the
43 Oregon Business Development Department, **including, but not limited to, the written agreement**
44 **executed pursuant to subsection (3)(c) of this section.**

45 (6) If the sponsor or the county assessor fails or refuses to certify the business firm, the business

1 firm may appeal to the Oregon Tax Court under ORS 305.404 to 305.560. The business firm shall
 2 provide copies of the **business** firm's appeal to the sponsor, the county assessor, the Oregon Busi-
 3 ness Development Department and the Department of Revenue.

4 **SECTION 16.** ORS 285C.409 is amended to read:

5 285C.409. (1) A facility of a certified business firm is exempt from ad valorem property taxation:

6 (a) For the first tax year following the calendar year in which the business firm is certified
 7 under ORS 285C.403 or after which construction or reconstruction of the facility commences,
 8 whichever event occurs later;

9 (b) For each subsequent tax year in which the facility is not yet in service as of the assessment
 10 date; and

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

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

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

20 (a) Enter on the assessment and tax roll, as a notation, the real market value and assessed value
 21 of the facility, **as if the facility were not exempt.**

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

24 (c) Indicate on the assessment and tax roll that the property is exempt and is subject to poten-
 25 tial additional taxes as provided in ORS 285C.420 by adding the notation "enterprise zone exemption
 26 (potential additional tax)."

27 (4) *[The amount determined under subsection (3)(b)]* **On or before December 31 of each tax**
 28 **year, the county assessor shall report the value and amount entered on the assessment and**
 29 **tax roll under subsection (3)(a) and (b)** of this section, and the name of the business firm, *[shall*
 30 *be reported]* to the Department of Revenue *[on or before December 31 of each tax year so that the*
 31 *department may compute the]*, **the Oregon Business Development Department and the sponsor**
 32 **for purposes that include, but are not limited to, the Department of Revenue's computation**
 33 **of the distributions described in ORS 317.131.**

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

35 (a) Land.

36 (b) Any property that existed at the facility on an assessment date before the assessment date
 37 for the first tax year for which property of the **business** firm is exempt under this section.

38 **SECTION 17.** ORS 285C.415 is amended to read:

39 285C.415. *[Upon meeting the applicable requirements of ORS 285C.412, the certified business firm*
 40 *shall notify the county assessor in writing that the applicable requirements have been met.]*

41 **(1) On or before the date on which a requirement under ORS 285C.412 must be satisfied,**
 42 **a certified business firm shall notify the county assessor in writing when the requirement**
 43 **has been met or of the extent to which the requirement has not been met. The notice must**
 44 **include the total cost of the facility at the end of the calendar year in which the facility is**
 45 **placed in service.**

1 **(2) A certified business firm shall submit to the sponsor for each year of exemption under**
 2 **ORS 285C.409 (1)(c) the number of full-time employees, and the annual average wage and**
 3 **compensation of the employees, at the exempt facility. If the certified business firm fails to**
 4 **make the submission, the sponsor shall notify the county assessor in writing of the failure.**

5 **(3) The sponsor shall report annually to the county assessor, the Department of Revenue**
 6 **and the Oregon Business Development Department with respect to each certified business**
 7 **firm having a facility in the enterprise zone that is exempt under ORS 285C.409 (1)(c):**

8 **(a) The number of new and existing full-time employees at the facility;**

9 **(b) The average wage and compensation of all employees at the facility; and**

10 **(c) The amount of any payment in cash made by a certified business firm as the result**
 11 **of any additional requirement included in the written agreement entered into pursuant to**
 12 **ORS 285C.403 (3)(c).**

13 **(4) Upon request, the county assessor, sponsor and the Department of Revenue shall as-**
 14 **sist the Oregon Business Development Department to clarify or confirm the information**
 15 **described in ORS 285C.409 and this section for purposes of section 4 of this 2020 Act.**

16 **(5) The Oregon Business Development Department may specify, by rule, the manner and**
 17 **timing of submissions by a certified business firm to a sponsor, and by the sponsor to the**
 18 **Oregon Business Development Department, required under this section.**

19 **SECTION 18.** ORS 285C.609 is amended to read:

20 285C.609. (1) A determination under ORS 285C.606 (1) by the Oregon Business Development
 21 Commission that a project shall be exempt from property taxation under ORS 307.123 must be re-
 22 quested by official action of the governing body of the county [*taken*] **in which the project will be**
 23 **undertaken** at a regular or duly called special meeting [*thereof*] by the affirmative vote of a ma-
 24 jority of its members.

25 **(2)(a) Not later than 30 days following the official action taken pursuant to subsection (1)**
 26 **of this section, the governing body of [*any Oregon*] the county shall forward appropriate prospec-**
 27 **tive eligible projects to the Oregon Business Development Department for processing.**

28 **(b) Each prospective eligible project must be accompanied by a record of the public**
 29 **hearing required under subsection (4) of this section, proof of the official action taken pur-**
 30 **suant to subsection (1) of this section, a copy of the agreement executed pursuant to sub-**
 31 **section (4)(a) of this section and any other documents or information considered convenient**
 32 **or necessary.**

33 **(3) For purposes of this section, for projects located on a federally recognized Oregon Indian**
 34 **reservation, the governing body of a county shall be considered to be the governing body of the**
 35 **federally recognized Oregon Indian tribe.**

36 **(4) The county may not make the request under subsection (1) of this section unless, after a**
 37 **public hearing:**

38 **(a) The county and, if the proposed eligible project will be located within a city, the city have**
 39 **entered into an agreement with the business firm, as described in this subsection.**

40 **(b) The agreement provides for the payment of a fee by the business firm, as follows:**

41 **(A) The fee shall be for community services support that relates to the direct impact of the el-**
 42 **igible project on public services.**

43 **(B) The fee shall be in an amount equal to 25 percent of the property taxes that would, but for**
 44 **the exemption, be due on the exempt property in each assessment year, but not exceeding \$2.5**
 45 **million in any year.**

1 (C) The fee shall be paid annually during the tax exemption period, as of a date set forth in the
2 agreement.

3 (c) The agreement provides for the refunding or crediting of overpayments, for interest on late
4 payments or underpayments and for the manner in which the appeal of the assessed value of the
5 property included in the project will affect the fee.

6 **(d) The agreement includes a commitment by the business firm to advertise construction**
7 **projects in accordance with section 2 of this 2020 Act.**

8 (5) The agreement described in subsection (4) of this section may provide for any other re-
9 quirements related to the project.

10 (6)(a) The fee collected under subsection (4)(b) of this section shall be distributed by the county
11 based on an agreement. The agreement is effective only if:

12 (A) The county and the city, if any, in which the eligible project is located have entered into
13 the agreement; and

14 (B) Local taxing districts listed in ORS 198.010 or 198.180 that constitute at least 75 percent of
15 the property tax authority of all local taxing districts listed in ORS 198.010 or 198.180 in the code
16 area in which the eligible project is located have entered into the agreement.

17 (b) If an effective agreement is not entered into under paragraph (a) of this subsection within
18 three months after the date of the determination by the commission under ORS 285C.606 (1), the
19 commission shall, by official action, establish a formula for distributing the fee collected under
20 subsection (4)(b) of this section.

21 **SECTION 19.** ORS 285C.615 is amended to read:

22 285C.615. (1) On or before April 1 following each tax year that property is exempt under ORS
23 307.123, the business firm that owns or leases the exempt property shall submit a report to the
24 Oregon Business Development Department, in addition to any other reporting or filing requirement.

25 (2) The report shall be in a form prescribed by the Oregon Business Development Department
26 and shall include:

27 (a) The assessed value and location of taxable and exempt property constituting the eligible
28 project and the corresponding payment and savings of property taxes for the **current** tax year, **if**
29 **any**, as ascertained from the county assessor;

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

32 (c) The average number of persons hired or employed by the business firm in association with
33 the eligible project, determined by dividing the total number of hours for which such hired or em-
34 ployed persons were paid during the immediate prior calendar year by 2,080;

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

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

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

40 (3)(a) If a business firm fails to provide a report required under this section or to verify infor-
41 mation as requested by the Oregon Business Development Department, the Oregon Business Devel-
42 opment Commission, upon recommendation by the department, may suspend the determination of the
43 commission that the project receive the tax exemption provided for in ORS 307.123.

44 (b) If the commission suspends the determination of eligibility under this subsection, the ex-
45 emption is revoked as provided in ORS 307.123 (7), until the department receives the report.

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

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

[(5)] (4) Specific data concerning the financial performance of individual **business** firms collected under this section is exempt from public disclosure under ORS chapter 192.

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

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

OPERATIVE DATE

SECTION 20. (1) Sections 1 to 4 and 8 of this 2020 Act and the amendments to ORS 279C.845, 285C.105, 285C.125, 285C.130, 285C.140, 285C.145, 285C.150, 285C.403, 285C.409, 285C.415, 285C.609 and 285C.615 by sections 6 and 9 to 19 of this 2020 Act become operative on January 1, 2021.

(2) Any person required to perform any action under sections 1 to 4 and 8 of this 2020 Act and the amendments to ORS 279C.845, 285C.105, 285C.125, 285C.130, 285C.140, 285C.145, 285C.150, 285C.403, 285C.409, 285C.415, 285C.609 and 285C.615 by sections 6 and 9 to 19 of this 2020 Act may take any action before the operative date specified in subsection (1) of this section that is necessary to enable the person to comply with the requirements on and after the operative date specified in subsection (1) of this section.

UNIT CAPTIONS

SECTION 21. The unit captions used in this 2020 Act are provided only for the convenience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this 2020 Act.

EFFECTIVE DATE

SECTION 22. This 2020 Act takes effect on the 91st day after the date on which the 2020 regular session of the Eightieth Legislative Assembly adjourns sine die.