

HB 3457-2
(LC 2784)
3/22/23 (ASD/ps)

Requested by HOUSE COMMITTEE ON REVENUE (at the request of Representative Nancy Nathanson)

**PROPOSED AMENDMENTS TO
HOUSE BILL 3457**

1 On page 1 of the printed bill, line 2, delete “and 285C.623” and insert “,
2 285C.609, 285C.623, 285C.635 and 307.123”.

3 On page 2, delete lines 9 through 11 and insert:

4 “(6) A business firm that will be benefited by an eligible project shall:

5 “(a) Enter into a first-source hiring agreement with a publicly funded job
6 training provider that will remain in effect until the end of the tax ex-
7 emption period; and

8 “(b) Hold a job fair after placing a timely announcement of the job fair
9 through WorkSource Oregon.”.

10 Delete lines 27 through 45 and delete page 3 and insert:

11 “**SECTION 2.** ORS 285C.623 is amended to read:

12 “285C.623. (1) A county seeking to ensure that all eligible projects con-
13 structed or installed within a particular geographic area within the county
14 receive the tax exemption under ORS 307.123 may request designation of the
15 geographic area as a strategic investment zone. The request must be made
16 by official action of the governing body of the county taken at a regular or
17 duly called special meeting of the governing body by the affirmative vote of
18 a majority of members of the governing body. The request must set forth the
19 proposed boundaries of the zone.

20 “(2) The governing body of the county shall forward appropriate actions
21 requesting zone establishment to the Oregon Business Development Depart-

1 ment for consideration by the Oregon Business Development Commission. If
2 the commission determines that the proposed zone is likely to achieve the
3 purpose set forth in ORS 285C.603 and other objectives established for the
4 zone by the requesting county, the department or the commission, the com-
5 mission shall designate the geographic area a strategic investment zone.

6 “(3) Any eligible project described in ORS 285C.606 [(2)] (3) and newly
7 constructed or installed after the date of zone designation under this section
8 shall qualify for exemption under ORS 307.123 if the business firm benefited
9 by the eligible project complies with the fee agreement described in sub-
10 section (4) of this section.

11 “(4) The county may not make the request under subsection (1) of this
12 section unless, after a public hearing:

13 “(a) The county and, if the proposed zone will be located within a city,
14 the city have entered into an agreement described in this subsection.

15 “(b) The agreement provides for the payment of a fee by each business
16 firm that is to own or operate an eligible project within the proposed zone,
17 as a condition for the exemption under ORS 307.123. The agreement shall
18 provide for the payment of the fee, as follows:

19 “(A) The fee shall be for community services support that relates to the
20 direct impact of the eligible project on public services.

21 “(B) The fee shall be in an amount equal to 25 percent of the property
22 taxes that would, but for the exemption, be due on the exempt property in
23 each assessment year, but not exceeding \$2 million per eligible project in any
24 year or, if the eligible project is located in a rural area, \$500,000 per eligible
25 project in any year.

26 “(C) The fee shall be paid annually during the tax exemption period by
27 each business firm having an eligible project within the zone, as of a date
28 set forth in the agreement.

29 “(c) The agreement provides for the refunding or crediting of overpay-
30 ments, for interest on late payments or underpayments and for the manner

1 in which the appeal of the assessed value of the property included in the
2 project will affect the fee.

3 “(5) The agreement described in subsection (4) of this section may provide
4 for any other requirements that each business firm must comply with in or-
5 der for the eligible project of the firm to qualify for exemption under ORS
6 307.123.

7 “(6)(a) The fee collected under subsection (4)(b) of this section shall be
8 distributed by the county based on an additional agreement described in this
9 subsection. An agreement described in this subsection is effective only if:

10 “(A) The county and the city, if any, in which the eligible project is lo-
11 cated have entered into the agreement; and

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

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

21 “(7)(a) **A county may not enter into an agreement under subsection**
22 **(4) of this section for designation of a strategic investment zone on**
23 **or after the effective date of this 2023 Act.**

24 “(b) **A strategic investment zone designated on the basis of an**
25 **agreement entered into under subsection (4) of this section before the**
26 **effective date of this 2023 Act may continue to operate in accordance**
27 **with the terms of this section in effect on the date on which the**
28 **agreement was entered into.**

29 “**SECTION 3.** ORS 285C.609 is amended to read:

30 “285C.609. (1) A determination under ORS 285C.606 (1) by the Oregon

1 Business Development Commission that a project shall be exempt from
2 property taxation under ORS 307.123 must be requested by official action of
3 the governing body of the county taken at a regular or duly called special
4 meeting thereof by the affirmative vote of a majority of its members.

5 “(2) The governing body of any Oregon county shall forward appropriate
6 prospective eligible projects to the Oregon Business Development Depart-
7 ment for processing.

8 “(3) For purposes of this section, for projects located on a federally re-
9 cognized Oregon Indian reservation, the governing body of a county shall be
10 considered to be the governing body of the federally recognized Oregon In-
11 dian tribe.

12 “(4) The county may not make the request under subsection (1) of this
13 section unless, after a public hearing:

14 “(a)(A) The county and, if the proposed eligible project will be located
15 within a city, the city **and any department of the city government, or**
16 **similar body by whatever name called, that is organized to provide**
17 **services related to public safety, fire prevention and response or**
18 **emergency medical response**, have entered into an agreement with the
19 business firm, as described in this subsection.

20 “(B) **At least one individual negotiating the agreement on behalf**
21 **of the county or city must have completed a training program pre-**
22 **scribed by the Oregon Business Development Department that in-**
23 **cludes, but is not limited to, applicable negotiation techniques.**

24 “(b) The agreement provides for the payment of a fee by the business firm,
25 as follows:

26 “(A) The fee shall be for community services support that relates to the
27 direct impact of the eligible project on public services **and shall include a**
28 **specific fee for emergency services within the county and city.**

29 “(B) The fee shall be in an amount equal to 25 percent of the property
30 taxes that would, but for the exemption, be due on the exempt property in

1 each assessment year, but not exceeding [~~\$2.5~~] **\$5** million in any year.

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

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

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

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

13 “(A) The county and the city, if any, in which the eligible project is lo-
14 cated have entered into the agreement; and

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

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

24 “**SECTION 4.** ORS 285C.635 is amended to read:

25 “285C.635. (1)(a) Upon receipt of information compiled under ORS
26 285C.615, the Oregon Department of Administrative Services shall determine
27 the annual amount of personal income tax revenue attributable to retained
28 jobs and newly created jobs for each eligible project for which an eligible
29 business firm received a property tax exemption under ORS 307.123.

30 “(b) The amount of personal income tax revenue attributable to each eli-

1 gible project under this subsection may not include personal income tax
2 revenue attributable to the estimated incremental income tax revenues gen-
3 erated by an eligible employer in connection with a tax reimbursement ar-
4 rangement or loan agreement that has been entered into under the Oregon
5 Industrial Site Readiness Program established by ORS 285B.627.

6 “(c) In determining the amount of personal income tax revenue attribut-
7 able to each eligible project, the Oregon Department of Administrative Ser-
8 vices may rely on reasonable techniques of estimation, if appropriate.

9 “(2) Not later than May 15 of each fiscal year, the Oregon Department
10 of Administrative Services shall certify to the Department of Revenue, the
11 Legislative Revenue Officer and the Legislative Fiscal Officer the amounts
12 determined under subsection (1) of this section and the amounts described in
13 subsection (3) of this section to be distributed by the Department of Revenue.

14 “(3)(a) Not sooner than July 10 and not later than July 15 of the fiscal
15 year immediately following the fiscal year in which the certification under
16 subsection (2) of this section is made, the Department of Revenue shall dis-
17 tribute to each county in which an eligible project is located an amount
18 equal to the total of:

19 “(A) Twenty percent of the total annual amount of personal income tax
20 revenue attributable to retained jobs for all eligible projects in the county
21 as determined under subsection (1) of this section; and

22 “(B) Fifty percent of the total annual amount of personal income tax
23 revenue attributable to newly created jobs for all eligible projects in the
24 county as determined under subsection (1) of this section.

25 “(b) Notwithstanding paragraph (a) of this subsection, a county may not
26 receive a distribution under this section in an amount greater than [~~\$16~~] **\$5**
27 million for any year.

28 “(c) The county shall distribute the amounts received under paragraphs
29 (a) and (b) of this subsection to the taxing districts in the county in which
30 an eligible project is located in a manner consistent with the distribution

1 of the community services fee under ORS 285C.609 for the project.

2 “(4) The Department of Revenue shall retain unreceipted revenue from the
3 tax imposed under ORS chapter 316 in an amount necessary to make the
4 distributions required under subsection (3) of this section. The department
5 shall make the distributions out of the unreceipted revenue in lieu of paying
6 the revenue over to the State Treasurer for deposit in the General Fund.

7 “(5) The Oregon Department of Administrative Services shall adopt rules
8 necessary to administer this section.

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

10 “307.123. (1) Except as provided in subsection (4) of this section, real or
11 personal property that the Oregon Business Development Commission, acting
12 pursuant to ORS 285C.606, has determined is an eligible project under ORS
13 285C.600 to 285C.635 shall be subject to assessment and taxation as provided
14 in this section.

15 “(2)(a) The following portions of the real market value of the eligible
16 project, increased annually for growth at the rate of three percent, shall be
17 taxable at the taxable portion’s assessed value under ORS 308.146:

18 “(A) The minimum cost of the project under ORS 285C.606 (1)(c)(A); or

19 “(B) If the project is located in a rural area as defined in ORS 285C.600:

20 “(i) [~~\$25~~] **\$40** million for a project with a total cost of not more than \$500
21 million.

22 “(ii) [~~\$50~~] **\$60** million for a project with a total cost of more than \$500
23 million and not more than \$1 billion.

24 “(iii) [~~\$100~~] **\$150** million for a project with a total cost of more than \$1
25 billion.

26 “(b) The taxable portion of real market value, as adjusted, shall be allo-
27 cated as follows until the entire amount is assigned: first to land, second
28 to buildings, third to real property machinery and equipment and last to
29 personal property.

30 “(c) The remainder of the real market value shall be exempt from taxation

1 for a period of 15 years from the beginning of the tax year after the earliest
2 of the following dates:

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

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

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

11 “(4) Notwithstanding subsection (1) of this section, real or personal
12 property that has received an exemption under ORS 285C.175 may not be
13 assessed under this section.

14 “(5) The Department of Revenue may adopt rules and prescribe forms that
15 the department determines are necessary for administration of this section.

16 “(6) The determination by the Oregon Business Development Commission
17 that a project is an eligible project that may receive a tax exemption under
18 this section shall be conclusive, so long as the property included in the eli-
19 gible project is constructed and installed in accordance with the application
20 approved by the commission.

21 “(7) Notwithstanding subsection (1) of this section, if the owner or lessee
22 of property exempt under this section fails to pay the fee required under ORS
23 285C.609 (4)(b) by the end of the tax year in which it is due, the exemption
24 shall be revoked and the property shall be fully taxable for the following tax
25 year and for each subsequent tax year for which the fee remains unpaid. If
26 an unpaid fee is paid after the exemption is revoked, the property shall again
27 be eligible for the exemption provided under this section, beginning with the
28 tax year after the payment is made. Reinstatement of the exemption under
29 this subsection shall not extend the 15-year exemption period provided for in
30 subsection (2)(c) of this section.

1 **“SECTION 6. (1) The amendments to ORS 285C.606 by section 1 of**
2 **this 2023 Act apply to business firms claiming exemption for eligible**
3 **property under ORS 307.123 on or after the effective date of this 2023**
4 **Act.**

5 **“(2) The amendments to ORS 285C.609 by section 3 of this 2023 Act**
6 **apply to agreements negotiated by counties and cities on or after the**
7 **effective date of this 2023 Act.**

8 **“(3) The amendments to ORS 307.123 by section 5 of this 2023 Act**
9 **apply to property determined to be an eligible project on or after the**
10 **effective date of this 2023 Act.**

11 **“SECTION 7. The amendments to ORS 285C.606, 285C.609, 285C.623,**
12 **285C.635 and 307.123 by sections 1 to 5 of this 2023 Act apply to property**
13 **tax years beginning on or after July 1, 2024.**

14 **“SECTION 8. This 2023 Act takes effect on the 91st day after the**
15 **date on which the 2023 regular session of the Eighty-second Legislative**
16 **Assembly adjourns sine die.”.**

17
