

# B-Engrossed House Bill 4042

Ordered by the House March 1  
Including House Amendments dated February 16 and March 1

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Economic Development and Small Business for League of Oregon Cities)

## 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. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act would promote the use of industrial lands. The Act would let firms develop semiconductors in an e-commerce city in order to get an enterprise zone tax break. (Flesch Readability Score: 60.8).

Authorizes the Oregon Business Development Department to provide financial assistance to projects related to industrial land.

Extends the sunset of the Oregon Industrial Site Readiness Program.

Establishes the Industrial Site Loan Fund in the State Treasury. Appropriates moneys for deposit in the fund for the purpose of funding financial assistance to industrial land projects.

Includes semiconductor-related development activities as an eligible business activity in a city designated for electronic commerce for purposes of the enterprise zone property tax exemption program.

Takes effect on the 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to economic development; creating new provisions; amending ORS 285B.627, 285C.100 and  
3 285C.185; and prescribing an effective date.

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

5 **SECTION 1. Sections 2 to 12 of this 2024 Act are added to and made a part of ORS**  
6 **chapter 285B.**

7 **SECTION 2. Findings. (1) Traded sector industries are the foundation of state and re-**  
8 **gional economic development strategies for long-term job creation and prosperity. Because**  
9 **traded sector jobs typically pay higher than average wages and generate higher than average**  
10 **income tax revenues, such jobs play an important role in supporting critical state services.**

11 **(2) Industrial development that provides new traded sector jobs reinforces the economies**  
12 **of local and regional communities and contributes to the economic recovery of the State of**  
13 **Oregon.**

14 **(3) There is a shortage of market-ready industrial land in this state. Public and private**  
15 **project sponsors have limited financial tools to facilitate development of significant and**  
16 **complex industrial land that is appropriate for traded sector industrial use.**

17 **(4) Public assistance is necessary to overcome development-related constraints and to**  
18 **incentivize industrial land development in this state.**

19 **(5) The purpose of sections 2 to 12 of this 2024 Act is to provide financial assistance to**  
20 **project sponsors for development and planning projects related to industrial land develop-**  
21 **ment, in an amount determined on a case-by-case basis by the Oregon Business Development**  
22 **Department.**

**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.

**SECTION 3. Definitions.** As used in sections 2 to 12 of this 2024 Act:

(1) “Administrative costs” includes, but is not limited to, the direct and indirect costs incurred by the Oregon Business Development Department for:

- (a) Investigating and processing applications submitted under section 8 of this 2024 Act;
- (b) Negotiating agreements for the purposes of sections 2 to 12 of this 2024 Act;
- (c) Monitoring the use of moneys provided to project sponsors under sections 2 to 12 of this 2024 Act;
- (d) Closing a project; and
- (e) Providing financial assistance to a project sponsor.

(2) “Brownfield” has the meaning given that term in ORS 285A.185.

(3)(a) “Development project” means a project for the acquisition, improvement, construction, demolition or redevelopment of publicly or privately owned utilities, buildings, land, transportation facilities or other facilities that assist the economic and community development of a municipality.

(b) “Development project” includes planning project activities that are necessary or useful to a development project as determined by the department.

(4) “Eligible project” means a development project or a planning project.

(5) “Environmental action” has the meaning given that term in ORS 285A.188.

(6) “Industrial land” means land planned and zoned for industrial use that:

(a) Is suitable for new industrial uses, or the expansion of existing industrial uses, that can provide significant additional employment in Oregon;

(b) Has land characteristics that provide significant competitive advantages that are difficult or impossible to replicate; and

(c) Has 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.

(7)(a) “Industrial use” means a use that generates income from the production, handling or distribution of goods or services, including goods or services in the traded sector.

(b) “Industrial use” includes, but is not limited to, manufacturing, assembly, fabrication, processing, storage, logistics, warehousing, importation, distribution, transshipment and research and development.

(8) “Planning project” means:

(a) A project related to a potential development project for preliminary and final land use planning and engineering;

(b) A survey, land investigation or environmental action;

(c) A financial, technical or other feasibility report, study or plan; or

(d) Any activity that the department determines to be necessary or useful in planning for a potential development project.

(9) “Private owner” means a private business entity or property owner that has entered into an agreement with a local jurisdiction for the development of public infrastructure to serve a private site.

(10) “Project sponsor” means:

(a) A public entity or private owner of industrial land that is investing in the preparation of the land for industrial use by a third party; or

(b) A public entity that has entered into a development or other agreement with the

1 private owner of industrial land to prepare the land for industrial use.

2 (11) "Public entity" means:

3 (a) A city or county in Oregon;

4 (b) A port formed under ORS 777.005 to 777.725;

5 (c) The Port of Portland created by ORS 778.010;

6 (d) The tribal council of a federally recognized Indian tribe in this state; or

7 (e) An airport district established under ORS chapter 838.

8 **SECTION 4. Financial assistance for development projects.** (1)(a) The Oregon Business  
9 Development Department may provide financial assistance to a project sponsor, for allowable  
10 costs expended for an industrial land development project, from moneys in the Industrial Site  
11 Loan Fund established under section 12 of this 2024 Act, in accordance with this section.

12 (b) The financial assistance may be in the form of a loan to the project sponsor or the  
13 purchase of bonds issued by the project sponsor.

14 (c) The department shall determine the amount of the financial assistance on a case-by-  
15 case basis.

16 (2) Financial assistance may be provided only with respect to a development project that  
17 is:

18 (a) Directly owned and operated by the project sponsor; or

19 (b) The subject of a management contract or an operating agreement to which the  
20 project sponsor is a party.

21 (3)(a) If a development project consists solely of the purchase or acquisition of land, fi-  
22 nancial assistance may be provided only if the land is:

23 (A) Identified in the applicable land use or capital plan as necessary for a potential in-  
24 dustrial land development project; or

25 (B) Zoned solely for industrial use.

26 (b) Notwithstanding paragraph (a) of this subsection, financial assistance may not be  
27 denied under this subsection solely because the costs of the development project include the  
28 costs of acquiring off-site property for purposes that are directly related to the development  
29 project, including, but not limited to, wetland mitigation.

30 (4) Financial assistance provided to a project sponsor under this section may not be used  
31 for:

32 (a) The payment of:

33 (A) A penalty or fine; or

34 (B) Environmental remediation activities conducted at an industrial land site that is  
35 listed or proposed to be listed as a national priority pursuant to the Comprehensive Envi-  
36 ronmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9605), for which the  
37 project sponsor, or any party to the loan agreement entered into pursuant to section 9 of  
38 this 2024 Act to which the project sponsor is a party, is liable under 42 U.S.C. 9607;

39 (b) Retirement of debt;

40 (c) Projects that primarily focus on relocating business or economic activity from one  
41 part of the state to another, except in cases where the business or economic activity would  
42 otherwise be located outside Oregon; or

43 (d) Ongoing operations or maintenance expenses of any person.

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

1       **SECTION 5. Forgivable loans for planning projects.** (1)(a) The Oregon Business Develop-  
2       ment Department may make a forgivable loan to a project sponsor, for allowable costs re-  
3       lated to a planning project, from moneys in the Industrial Site Loan Fund established under  
4       section 12 of this 2024 Act, in accordance with this section.

5       (b) The department shall determine the amount of a forgivable loan on a case-by-case  
6       basis.

7       (2) The department may not expend in any biennium more than one percent of the value  
8       of the Industrial Site Loan Fund for planning projects.

9       (3) A planning project eligible for a forgivable loan under this section may:

10      (a) Be a stand-alone project that is not intended to lead to a development project.

11      (b) Be a project that is intended to lead to a development project.

12      (c) Include planning or investigation for an environmental action on a brownfield.

13       **SECTION 6. Other forms of financial assistance.** The Oregon Business Development De-  
14       partment may directly or indirectly expend or loan moneys in the Industrial Site Loan Fund  
15       established under section 12 of this 2024 Act or extend credit to:

16      (1) Provide to project sponsors of an industrial land eligible project any form of financial  
17      assistance that the department considers appropriate, including the refinancing of temporary  
18      project financing.

19      (2) Purchase goods or services related to an eligible project on behalf of the project  
20      sponsor.

21      (3)(a) Finance guaranty agreements that are issued to guarantee any portion of the ob-  
22      ligation of a project sponsor to finance an industrial land development project and that are  
23      not sold to the State of Oregon.

24      (b) Guaranty agreements under this subsection shall be payable solely from moneys in  
25      the fund and shall not constitute a debt or obligation of the State of Oregon.

26      (c) The department may, on behalf of the state, establish a special account in the fund  
27      and commit to deposit into the special account specified portions of current and future  
28      moneys credited to the fund.

29      (d) The commitments shall be made by rule of the department and shall constitute  
30      covenants of the state for the benefit of the owners of obligations guaranteed by the state  
31      pursuant to this section.

32       **SECTION 7. Allowable costs.** For purposes of sections 2 to 12 of this 2024 Act:

33      (1) The allowable costs of a development project include:

34      (a) Property acquisition and assembly costs associated with creating large development  
35      parcels, including any easement or right of way directly related to and necessary for a de-  
36      velopment project.

37      (b) Transportation improvements such as access roads, rail spurs and sidings, marine  
38      facility access, airport facilities necessary to provide industrial land access, intersections,  
39      turning lanes, signals, sidewalks, curbs, transit stops and storm drains.

40      (c) Infrastructure for providing broadband, electric power, natural gas, water and sewer  
41      service.

42      (d) Natural resource mitigation.

43      (e) Land grading activities.

44      (f) Environmental remediation and mitigation activities to address brownfield issues, in  
45      accordance with state and federally approved remediation plans.

1 (g) Interest-carrying costs incurred by a project sponsor for amounts borrowed to de-  
2 velop industrial land and financing costs, including capitalized interest.

3 (h) Direct project management costs.

4 (i) Costs of consultant services and expenses.

5 (j) Construction costs and expenses.

6 (k) Costs of acquiring off-site property for purposes directly related to a development  
7 project, including, but not limited to, wetland mitigation.

8 (L) Other costs that the Oregon Business Development Department determines to be  
9 necessary or useful for the project.

10 (2) The allowable costs of a planning project include:

11 (a) Necessary planning, engineering, legal and other professional services associated with:

12 (A) The preparation of applications for local, state and federal permits and related ad-  
13 ministrative costs.

14 (B) Carrying out the project and related administrative costs.

15 (b) Other costs that the department determines to be necessary or useful for the project.

16 **SECTION 8. Application process for financial assistance.** (1)(a) A project sponsor seeking  
17 financial assistance from the Industrial Site Loan Fund must submit an application in the  
18 manner and form required by the Oregon Business Development Department.

19 (b) At a minimum, each application must include:

20 (A) The name and nature of the project sponsor;

21 (B) A description of the nature of the project;

22 (C) The provisions of sections 2 to 12 of this 2024 Act under which the project is eligible  
23 for financial assistance;

24 (D) The proposed activities to be funded;

25 (E) A description and estimate of the allowable costs to be incurred for the project; and

26 (F) All other information and documentation that the department requires.

27 (2)(a) The department shall review all timely and complete applications and approve or  
28 reject each application in accordance with rules adopted by the department.

29 (b) The department shall notify each applicant of its decision. The rejection of an appli-  
30 cation may not be appealed.

31 **SECTION 9. Agreement for financial assistance.** (1) Upon approval of an application  
32 submitted under section 8 of this 2024 Act, the Oregon Business Development Department,  
33 notwithstanding any other provision of law or any restriction on indebtedness contained in  
34 a charter, and the project sponsor of the eligible project to which the application relates may  
35 enter into an agreement for financial assistance based on the application. The department  
36 shall determine the maximum amount of financial assistance based on a reasonable and  
37 prudent expectation of the ability of the project sponsor to repay the financial assistance.

38 (2) An agreement entered into pursuant to this section must include:

39 (a) A provision that the obligation of the state under the agreement is contingent on the  
40 availability of moneys in the Industrial Site Loan Fund for the financial assistance agreed  
41 upon.

42 (b) A provision that grants the department a lien on, or a security interest in, collateral  
43 to secure repayment of a loan made to, or bonds issued by, the project sponsor, in a form  
44 and amount determined by the department and specified in the agreement.

45 (c) Provisions that the department considers necessary to ensure expenditure of the

1 funds for the purposes set forth in the approved application.

2 (d) Any other provision the department considers necessary or appropriate.

3 (3) For an eligible project owned by a public entity, a loan agreement entered into pur-  
4 suant to this section must be authorized by an ordinance, resolution or order adopted by the  
5 governing body of the project sponsor.

6 (4) In making a determination to enter into a loan agreement with the project sponsor  
7 for an industrial land development project, the department shall consider the reasonableness  
8 of the project sponsor's estimated costs to prepare the land for industrial use, including, but  
9 not limited to, allowable costs for land preparation.

10 (5) Financial assistance approved by the department for an eligible project shall be paid,  
11 in accordance with the terms of the agreement entered into pursuant to this section, from  
12 the Industrial Site Loan Fund established under section 12 of this 2024 Act.

13 (6) In assisting project sponsors with eligible projects, and to meet the goals of sections  
14 2 to 12 of this 2024 Act, the department and other state agencies shall cooperate to the  
15 maximum extent possible with each other and federal agencies.

16 **SECTION 10. Repayment.** (1) A project sponsor may repay financial assistance provided  
17 for an eligible project under sections 2 to 12 of this 2024 Act from any source, including, but  
18 not limited to:

19 (a) Revenues generated by the eligible project, including special assessment revenues.

20 (b) Amounts withheld under section 11 of this 2024 Act.

21 (c) The general fund of the project sponsor.

22 (2) A plan for repayment to the Industrial Site Loan Fund of financial assistance provided  
23 for an industrial land development project:

24 (a) Shall provide for repayment by the project sponsor of the financial assistance with  
25 interest to begin no later than seven years after the date of project completion or at such  
26 other time as the Oregon Business Development Department may provide.

27 (b) Shall provide for such evidence of debt assurance of, and security for, repayment by  
28 the project sponsor as is considered necessary by the department.

29 (c) Shall set forth a schedule of payments and the period of the loan, not to exceed the  
30 useful life of the contracted project or 30 years from the date of the project completion,  
31 whichever is less, and the manner of determining when loan payments are delinquent.

32 (d) May provide for a reasonable extension of the time for making any repayment as set  
33 forth under paragraph (c) of this subsection in emergency or hardship circumstances, if ap-  
34 proved by the department.

35 (e) Shall include repayment of interest that accrues during any period of delay in repay-  
36 ment authorized under paragraph (a) of this subsection. The repayment of accrued interest  
37 may be in varying amounts.

38 (f) Shall allow for other forms of payment than principal and interest payments on loans,  
39 in accordance with rules adopted by the department.

40 **SECTION 11. Breach; default.** (1) If a project sponsor fails to comply with an agreement  
41 entered into under section 9 of this 2024 Act, the Oregon Business Development Department  
42 may seek appropriate legal remedies to secure any repayment of obligations due from the  
43 project sponsor to the Industrial Site Loan Fund.

44 (2)(a) If a project sponsor defaults on payments of obligations to the fund under sections  
45 2 to 12 of this 2024 Act, the State of Oregon may withhold any amounts otherwise due to the

1 project sponsor to offset against the obligations. The department may waive this right to  
2 withhold.

3 (b) Moneys withheld under paragraph (a) of this subsection shall be deposited in the fund  
4 and shall be used to repay any account in the fund from which moneys were expended to pay  
5 obligations upon which the project sponsor defaulted.

6 **SECTION 12. Industrial Site Loan Fund.** (1)(a) The Industrial Site Loan Fund is estab-  
7 lished in the State Treasury, separate and distinct from the General Fund. Interest earned  
8 by the Industrial Site Loan Fund shall be credited to the fund.

9 (b) Moneys in the fund are continuously appropriated to the Oregon Business Develop-  
10 ment Department for the purposes set forth in sections 2 to 12 of this 2024 Act. In addition,  
11 the department may finance administrative costs incurred by the department under sections  
12 2 to 12 of this 2024 Act.

13 (c) The department may establish other accounts within the fund for the payment of  
14 project costs, reserves, debt service payments, credit enhancement, administrative costs and  
15 operation expenses or any other purpose necessary to carry out sections 2 to 12 of this 2024  
16 Act.

17 (2) Moneys in the fund may be invested as provided by ORS 293.701 to 293.857, and the  
18 earnings from the investments shall be credited to the account in the fund designated by the  
19 department.

20 (3) The fund shall consist of moneys credited to the fund, including:

21 (a) Moneys appropriated to the fund by the Legislative Assembly;

22 (b) Moneys transferred to the fund by the department;

23 (c) Earnings on moneys in the fund;

24 (d) Repayment of financial assistance, including interest, under sections 10 and 11 of this  
25 2024 Act;

26 (e) Moneys received from the federal, state or local governments; and

27 (f) Moneys from any other source, including, but not limited to, grants and gifts.

28 (4)(a) The department may commit moneys in the fund, or reserve future income of the  
29 fund, for expenditure in future years in accordance with this section.

30 (b) The department may commit moneys or reserve future income under this subsection  
31 only after:

32 (A) Allowing for contingencies; and

33 (B) Determining that there will be sufficient unobligated net moneys in the fund to make  
34 the future payments, consistent with the requirements of this section.

35 **SECTION 13.** ORS 285B.627 is amended to read:

36 285B.627. (1) In consultation with the Department of Revenue, the Oregon Business Development  
37 Department shall establish and administer the Oregon Industrial Site Readiness Program. The pur-  
38 pose of the program is to:

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

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

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

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

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

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

7 *[(5) Upon qualification of a project sponsor under this section, and before July 1, 2023, the de-*  
8 *partment may:]*

9 **(5) Upon qualification of a project sponsor under this section, and before December 31,**  
10 **2029, the department may:**

11 (a) Enter into a tax reimbursement arrangement with the project sponsor pursuant to which the  
12 project sponsor shall receive an amount equal to 50 percent of the estimated incremental income tax  
13 revenues generated by an eligible employer per tax year, beginning with the first tax year following  
14 the tax year in which a project sponsor is qualified under this section, until the total investment  
15 of the qualified project sponsor in the eligible site preparation costs, including interest, established  
16 under subsection (7) of this section has been recovered, at which time the tax reimbursement ar-  
17 rangement shall end; or

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

26 (6)(a) The total amount of the loan that may be forgiven under subsection (5) of this section is  
27 the lesser of:

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

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

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

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

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

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

39 (c) Water and sewer infrastructure.

40 (d) Natural resource mitigation.

41 (e) Site grading activities.

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

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

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

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

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

8 (a) A penalty or fine; or

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

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

15 **SECTION 14. There is appropriated to the Oregon Business Development Department, for**  
16 **the biennium ending June 30, 2025, out of the General Fund, the amount of \$40,000,000 for**  
17 **deposit in the Industrial Site Loan Fund established under section 12 of this 2024 Act. The**  
18 **moneys may be used for any purpose for which moneys in the fund may be used.**

19 **SECTION 15.** ORS 285C.100 is amended to read:

20 285C.100. (1) Notwithstanding ORS 285C.095, a city shall be designated for electronic commerce  
21 if the city:

22 (a) By resolution of the governing body of the city, declares itself a city designated for elec-  
23 tronic commerce;

24 (b) As of January 1, 2002, has a population of more than 1,500 but less than 2,000;

25 (c) Is located less than 25 miles from a city with a population of more than 500,000; and

26 (d) Is located less than 10 miles from a city with a high concentration of high technology firms  
27 and with a population that, as of January 1, 2002, does not exceed 85,000.

28 (2) Only one city may be designated for electronic commerce under this section, and that des-  
29 ignation shall be made without consideration of the numeric limits imposed by ORS 285C.095.

30 (3)(a) A city does not need to sponsor an enterprise zone to be designated for electronic com-  
31 merce under this section.

32 (b) The governing body of a city designated for electronic commerce under this section does not  
33 need to comply with the requirements of ORS 285C.067 or 285C.090, but the governing body must  
34 take all actions that are required of a sponsor of a rural enterprise zone under ORS 285C.050 to  
35 285C.250 with respect to business firms seeking exemption under ORS 285C.175.

36 (c) A business firm that is engaged in electronic commerce **or semiconductor-related devel-**  
37 **opment activities** at a location inside a city designated for electronic commerce under this section  
38 and that seeks an exemption under ORS 285C.175 must take all actions required of a qualified  
39 business firm under ORS 285C.050 to 285C.250, except that the business firm does not need to be  
40 located within an enterprise zone.

41 (d) A business firm described in paragraph (c) of this subsection:

42 (A) Shall be an eligible business firm, the qualified property of which is exempt from taxation  
43 under ORS 285C.175 as if the qualified property were located in an enterprise zone under ORS  
44 285C.095, **or if the qualified property is used in semiconductor-related development**  
45 **activities;** and

1 (B) May claim the tax credit under ORS 315.507.

2 (4) Designation of a city for electronic commerce under this section is not final until a positive  
3 determination in favor of the city has been made by the Oregon Business Development Department  
4 under ORS 285C.102.

5 (5) For the purpose of determining the boundaries of a city designated for electronic commerce,  
6 “city” includes:

7 (a) Territory that is annexed into the city, as of the date of the annexation;

8 (b) Land within the urban growth boundary of the city; and

9 (c) Territory that is added to the urban growth boundary described in paragraph (b) of this  
10 subsection, as of the date the urban growth boundary is extended to such territory.

11 **SECTION 16.** ORS 285C.185 is amended to read:

12 285C.185. (1) In order for property to be qualified property under ORS 285C.180, the property  
13 must cost:

14 (a) \$50,000 or more, in the case of:

15 (A) All real property that is concurrently exempt at the location; or

16 (B) An item of personal property that is not described in paragraph (b) of this subsection.

17 (b) \$1,000 or more, in the case of an item of personal property that is used:

18 (A) Exclusively in the production of tangible goods; *[or]*

19 (B) In electronic commerce in an enterprise zone approved for electronic commerce designation  
20 under ORS 285C.095; **or**

21 **(C) In semiconductor-related development activities in a city designated for electronic**  
22 **commerce.**

23 (2) The estimated cost of property set forth in an application for authorization under ORS  
24 285C.140 shall be disregarded for purposes of determining if property is qualified property.

25 (3) Property that is leased by the authorized business firm may be qualified property under ORS  
26 285C.180 only if the terms of the lease provide:

27 (a) During the term of the lease, that the authorized business firm is to compensate the owner  
28 of the leased property for all property taxes assessed against the leased property or that the firm  
29 is to pay these taxes; and

30 (b) That the term of the lease begins on or before the start of the first tax year for which the  
31 property is exempt and ends on or after the last day of the last tax year for which the property is  
32 exempt.

33 (4) In order for property that is owned or leased by an authorized business firm operating a  
34 hotel, motel or destination resort to be qualified property under ORS 285C.180, the property must  
35 be:

36 (a) Located and in service in an enterprise zone of a sponsor or in the jurisdiction of a restricted  
37 city or county cosponsor that has elected under ORS 285C.070 to treat a business firm engaged in  
38 hotel, motel or destination resort operations as an eligible business firm;

39 (b) Located at the same site as the hotel, motel or destination resort or in close proximity to  
40 that site; and

41 (c) Used primarily to serve overnight guests of the hotel, motel or destination resort. Property  
42 is used primarily to serve overnight guests if at least 50 percent of any receipts from use of the  
43 property are paid by overnight guests.

44 (5) In order for property owned or leased and operated by a business firm engaged in electronic  
45 commerce *[in]* **or in semiconductor-related development activities inside** a city designated for

1 electronic commerce under ORS 285C.100 to be qualified property, the property otherwise qualified  
2 under this section and the applicable electronic commerce operations **or semiconductor-related**  
3 **development activities** of the firm must be located in that city.

4 (6)(a) As used in this section, “item of personal property” includes an integrated system con-  
5 sisting of various components.

6 (b) Consistent with paragraph (a) of this subsection, the Department of Revenue may by rule  
7 further define what constitutes an item of personal property for purposes of this section.

8 **SECTION 17. The amendments to ORS 285C.100 and 285C.185 by sections 15 and 16 of this**  
9 **2024 Act apply to property tax years beginning on or after July 1, 2025.**

10 **SECTION 18. The section captions used in this 2024 Act are provided only for the con-**  
11 **venience of the reader and do not become part of the statutory law of this state or express**  
12 **any legislative intent in the enactment of this 2024 Act.**

13 **SECTION 19. This 2024 Act takes effect on the 91st day after the date on which the 2024**  
14 **regular session of the Eighty-second Legislative Assembly adjourns sine die.**

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