

House Bill 2349

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor Tina Kotek for Oregon Business Development Department)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act would allow the state to aid sponsors with the financing of industrial land projects. (Flesch Readability Score: 63.6).

Authorizes the Oregon Business Development Department to provide financial assistance to projects related to industrial land. Establishes the Industrial Site Loan Fund in the State Treasury.

A BILL FOR AN ACT

1 Relating to industrial development; creating new provisions; and amending ORS 285B.012.

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

3 **SECTION 1. Sections 2 to 12 of this 2025 Act are added to and made a part of ORS**
4 **chapter 285B.**

5 **SECTION 2. Findings. The Legislative Assembly finds that:**

6 (1) **Traded sector industries are the foundation of state and regional economic develop-**
7 **ment strategies for long-term job creation and prosperity. Because traded sector jobs typi-**
8 **cally pay higher than average wages and generate higher than average income tax revenues,**
9 **such jobs play an important role in supporting critical state services.**

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

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

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

18 (5) **The purpose of sections 2 to 12 of this 2025 Act is to provide financial assistance to**
19 **project sponsors for development and planning projects related to industrial land develop-**
20 **ment, in an amount determined on a case-by-case basis by the Oregon Business Development**
21 **Department.**

22 **SECTION 3. Definitions. As used in sections 2 to 12 of this 2025 Act:**

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

25 (a) **Investigating and processing applications submitted under section 8 of this 2025 Act;**

26 (b) **Negotiating agreements for the purposes of sections 2 to 12 of this 2025 Act;**

27 (c) **Monitoring the use of moneys provided to project sponsors under sections 2 to 12 of**
28 **this 2025 Act;**
29

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 (d) Closing a project; and
2 (e) Providing financial assistance to a project sponsor.
3 (2) “Brownfield” has the meaning given that term in ORS 285A.185.
4 (3)(a) “Development project” means a project for the acquisition, improvement, con-
5 struction, demolition or redevelopment of publicly or privately owned utilities, buildings,
6 land, transportation facilities or other facilities that assist the economic and community
7 development of a municipality.
8 (b) “Development project” includes planning project activities that are necessary or use-
9 ful to a development project as determined by the department.
10 (4) “Eligible project” means a development project or a planning project.
11 (5) “Environmental action” has the meaning given that term in ORS 285A.188.
12 (6) “Industrial land” means land planned and zoned for industrial use that:
13 (a) Is suitable for new industrial uses, or the expansion of existing industrial uses, that
14 can provide significant additional employment in Oregon;
15 (b) Has land characteristics that provide significant competitive advantages that are dif-
16 ficult or impossible to replicate; and
17 (c) Has access to transportation and freight infrastructure, including, but not limited to,
18 rail, port, airport, multimodal freight or transshipment facilities and other major transpor-
19 tation facilities or routes.
20 (7)(a) “Industrial use” means a use that generates income from the production, handling
21 or distribution of goods or services, including goods or services in the traded sector.
22 (b) “Industrial use” includes, but is not limited to, manufacturing, assembly, fabrication,
23 processing, storage, logistics, warehousing, importation, distribution, transshipment and re-
24 search and development.
25 (8) “Planning project” means:
26 (a) A project related to a potential development project for preliminary and final land use
27 planning and engineering;
28 (b) A survey, land investigation or environmental action;
29 (c) A financial, technical or other feasibility report, study or plan; or
30 (d) Any activity that the department determines to be necessary or useful in planning for
31 a potential development project.
32 (9) “Private owner” means a private business entity or property owner that has entered
33 into an agreement with a local jurisdiction for the development of public infrastructure to
34 serve a private site.
35 (10) “Project sponsor” means:
36 (a) A public entity or private owner of industrial land that is investing in the preparation
37 of the land for industrial use by a third party; or
38 (b) A public entity that has entered into a development or other agreement with the
39 private owner of industrial land to prepare the land for industrial use.
40 (11) “Public entity” means:
41 (a) A city or county in Oregon;
42 (b) A port formed under ORS 777.005 to 777.725;
43 (c) The Port of Portland created by ORS 778.010;
44 (d) The tribal council of a federally recognized Indian tribe in this state; or
45 (e) An airport district established under ORS chapter 838.

1 **SECTION 4. Financial assistance for development projects.** (1)(a) The Oregon Business
 2 Development Department may provide financial assistance to a project sponsor, for allowable
 3 costs expended for an industrial land development project, from moneys in the Industrial Site
 4 Loan Fund established under section 12 of this 2025 Act, in accordance with this section.

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

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

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

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

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

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

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

18 (B) Zoned solely for industrial use.

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

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

25 (a) The payment of:

26 (A) A penalty or fine; or

27 (B) Environmental remediation activities conducted at an industrial land site that is
 28 listed or proposed to be listed as a national priority pursuant to the Comprehensive Envi-
 29 ronmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9605), for which the
 30 project sponsor, or any party to the loan agreement entered into pursuant to section 9 of
 31 this 2025 Act to which the project sponsor is a party, is liable under 42 U.S.C. 9607;

32 (b) Retirement of debt;

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

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

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

39 **SECTION 5. Forgivable loans for planning projects.** (1)(a) The Oregon Business Develop-
 40 ment Department may make a forgivable loan to a project sponsor, for allowable costs re-
 41 lated to a planning project, from moneys in the Industrial Site Loan Fund established under
 42 section 12 of this 2025 Act, in accordance with this section.

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

45 (2) The department may not expend in any biennium more than one percent of the value

1 of the Industrial Site Loan Fund for planning projects.

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

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

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

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

6 **SECTION 6. Other forms of financial assistance.** (1) The Oregon Business Development
7 Department may directly or indirectly expend or loan moneys in the Industrial Site Loan
8 Fund established under section 12 of this 2025 Act or extend credit to:

9 (a) Provide to project sponsors of an eligible project related to industrial land any form
10 of financial assistance that the department considers appropriate, including the refinancing
11 of temporary project financing.

12 (b) Purchase goods or services related to an eligible project on behalf of the project
13 sponsor.

14 (c) Finance guaranty agreements that are issued to guarantee any portion of the obli-
15 gation of a project sponsor to finance an industrial land development project and that are
16 not sold to the State of Oregon. Guaranty agreements under this subsection shall be payable
17 solely from moneys in the fund and shall not constitute a debt or obligation of the State of
18 Oregon.

19 (2)(a) The department may, on behalf of the state, establish a special account in the fund
20 and commit to deposit into the special account specified portions of current and future
21 moneys credited to the fund.

22 (b) The commitments shall be made by rule of the department and shall constitute
23 covenants of the state for the benefit of the owners of obligations guaranteed by the state
24 pursuant to this section.

25 **SECTION 7. Allowable costs.** For purposes of sections 2 to 12 of this 2025 Act:

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

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

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

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

35 (d) Natural resource mitigation.

36 (e) Land grading activities.

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

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

41 (h) Direct project management costs.

42 (i) Costs of consultant services and expenses.

43 (j) Construction costs and expenses.

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

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

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

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

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

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

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

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

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

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

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

15 (C) The provisions of sections 2 to 12 of this 2025 Act under which the project is eligible
16 for financial assistance;

17 (D) The proposed activities to be funded;

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

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

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

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

24 **SECTION 9. Agreement for financial assistance.** (1) Upon approval of an application
25 submitted under section 8 of this 2025 Act, the Oregon Business Development Department,
26 notwithstanding any other provision of law or any restriction on indebtedness contained in
27 a charter, and the project sponsor of the eligible project to which the application relates may
28 enter into an agreement for financial assistance based on the application. The department
29 shall determine the maximum amount of financial assistance based on a reasonable and
30 prudent expectation of the ability of the project sponsor to repay the financial assistance.

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

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

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

38 (c) Provisions that the department considers necessary to ensure expenditure of the
39 funds for the purposes set forth in the approved application.

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

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

44 (4) In making a determination to enter into a loan agreement with the project sponsor
45 for an industrial land development project, the department shall consider the reasonableness

1 of the project sponsor's estimated costs to prepare the land for industrial use, including, but
 2 not limited to, allowable costs for land preparation.

3 (5) Financial assistance approved by the department for an eligible project shall be paid,
 4 in accordance with the terms of the agreement entered into pursuant to this section, from
 5 the Industrial Site Loan Fund established under section 12 of this 2025 Act.

6 (6) In assisting project sponsors with eligible projects, and to meet the goals of sections
 7 2 to 12 of this 2025 Act, the department and other state agencies shall cooperate to the
 8 maximum extent possible with each other and federal agencies.

9 **SECTION 10. Repayment.** (1) A project sponsor may repay financial assistance provided
 10 for an eligible project under sections 2 to 12 of this 2025 Act from any source, including, but
 11 not limited to:

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

13 (b) Amounts withheld under section 11 of this 2025 Act.

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

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

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

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

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

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

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

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

33 **SECTION 11. Breach; default.** (1) If a project sponsor fails to comply with an agreement
 34 entered into under section 9 of this 2025 Act, the Oregon Business Development Department
 35 may seek appropriate legal remedies to secure any repayment of obligations due from the
 36 project sponsor to the Industrial Site Loan Fund.

37 (2)(a) If a project sponsor defaults on payments of obligations to the fund under sections
 38 2 to 12 of this 2025 Act, the State of Oregon may withhold any amounts otherwise due to the
 39 project sponsor to offset against the obligations. The department may waive this right to
 40 withhold.

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

44 **SECTION 12. Industrial Site Loan Fund.** (1)(a) The Industrial Site Loan Fund is estab-
 45 lished in the State Treasury, separate and distinct from the General Fund. Interest earned

1 **by the Industrial Site Loan Fund shall be credited to the fund.**

2 **(b) Moneys in the fund are continuously appropriated to the Oregon Business Develop-**
 3 **ment Department for the purposes set forth in sections 2 to 12 of this 2025 Act. In addition,**
 4 **the department may finance administrative costs incurred by the department under sections**
 5 **2 to 12 of this 2025 Act.**

6 **(c) The department may establish other accounts within the fund for the payment of**
 7 **project costs, reserves, debt service payments, credit enhancement, administrative costs and**
 8 **operation expenses or any other purpose necessary to carry out sections 2 to 12 of this 2025**
 9 **Act.**

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

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

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

15 **(b) Moneys transferred to the fund by the department;**

16 **(c) Earnings on moneys in the fund;**

17 **(d) Repayment of financial assistance, including interest, under sections 10 and 11 of this**
 18 **2025 Act;**

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

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

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

23 **(b) The department may commit moneys or reserve future income under this subsection**
 24 **only after:**

25 **(A) Allowing for contingencies; and**

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

28 **SECTION 13.** ORS 285B.012 is amended to read:

29 285B.012. **(1)** The Oregon Business Development Department may directly or indirectly expend
 30 or loan moneys in the Industrial Lands Loan Fund established under ORS 285B.030 or extend credit
 31 to:

32 **[(1)] (a)** Provide to project sponsors of an *[industrial land]* eligible project **related to industrial**
 33 **land** any allowable form of financial assistance that the department considers appropriate, including
 34 the refinancing of temporary project financing.

35 **[(2)] (b)** Purchase goods or services related to an eligible project on behalf of the project spon-
 36 sor.

37 **[(3)(a)] (c)** Finance guaranty agreements that are issued to guarantee any portion of the obli-
 38 gation of a project sponsor to finance an industrial land development project and that are not sold
 39 to the State of Oregon.

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

42 **[(c)] (2)(a)** The department may, on behalf of the state, establish a special account in the fund
 43 and commit to deposit into the special account specified portions of current and future moneys
 44 credited to the fund.

45 **[(d)] (b)** The commitments shall be made by rule of the department and shall constitute

1 covenants of the state for the benefit of the owners of obligations guaranteed by the state pursuant
2 to this section.

3 **SECTION 14. The section captions used in this 2025 Act are provided only for the con-**
4 **venience of the reader and do not become part of the statutory law of this state or express**
5 **any legislative intent in the enactment of this 2025 Act.**

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