

Senate Bill 1586

Sponsored by Senators SOLLMAN, MEEK, BROADMAN, ANDERSON, JAMA, MANNING JR, SMITH DB, STARR, Representatives BREESE-IVERSON, DOBSON, EVANS, JAVADI, NGUYEN D, PHAM H, RIEKE SMITH, WALLAN; Senators FREDERICK, MCLANE, NASH, REYNOLDS, THATCHER, WEBER, Representatives BUNCH, EDWARDS, GOMBERG, HELFRICH, ISADORE, LEVY B, LIVELY, MCINTIRE, MUÑOZ, OSBORNE, RESCHKE, RUIZ, WATANABE, WISE (Presession filed.)

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 change the tax credit for semiconductor research.

The Act would set up and change some tax breaks for advanced manufacturing, enterprise zones and regionally significant industrial sites.

The Act would direct certain state agencies to set up deadlines to process applications for permits and to make the deadlines public. The Act would make those agencies, no later than 60 days after the date on which the Act becomes law, publish a list of the permits that they issue.

The Act would change tax and other laws and rezone lands to aid economic growth. (Flesch Readability Score: 60.4).

Modifies the tax credit allowed for semiconductor research.

Creates and amends certain programs offering tax breaks related to advanced manufacturing, enterprise zones and regionally significant industrial sites.

Directs certain state agencies to establish deadlines within which the agency intends to process applications for permits and make the deadlines available to the public. Directs certain state agencies to publish a catalog of permits issued by the agency within 60 days after the effective date of the Act.

Adds rural reserves in Washington County to Metro to be used for high-technology and advanced manufacturing purposes.

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

A BILL FOR AN ACT

1 Relating to economic development; creating new provisions; amending ORS 197A.250, 285B.626,
2 285C.067, 285C.160, 285C.162, 285C.175, 285C.403, 285C.405, 315.518, 315.519 and 315.522 and
3 sections 8 and 12, chapter 298, Oregon Laws 2023; and prescribing an effective date.

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

6 **SECTION 1.** ORS 315.518 is amended to read:

7 315.518. (1) As used in this section[,]:

8 (a) **“Qualified alternative energy production company” means an entity whose primary**
9 **business is to research, develop and manufacture devices that enable energy to be produced**
10 **from renewable sources.**

11 (b) **“Qualified biotechnology company” means an entity whose primary business is the**
12 **use of cellular or biological processes to research, develop and manufacture new medicines**
13 **or technologies to cure life-threatening diseases and illnesses.**

14 (c) **“Qualified company” means a qualified alternative energy production company, a**
15 **qualified biotechnology company or a qualified semiconductor company.**

16 (d) **“Qualified semiconductor company” means an entity whose primary business is the research,**
17 **design, development, fabrication, assembly, testing, packaging or validation of semiconductors, or**
18 **an entity whose primary business is the creation of semiconductor manufacturing equipment, semi-**
19 **conductor core intellectual property or electronic design automation software that is primarily in-**

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 tended for use in the semiconductor industry.

2 (2) A credit against taxes otherwise due under ORS chapter 316 or, if the taxpayer is a corporation,
3 under ORS chapter 317 shall be allowed to eligible taxpayers for increases in qualified research
4 expenses and basic research payments. The credit shall be determined in accordance with
5 section 41 of the Internal Revenue Code, except as follows:

6 (a) The applicable percentage specified in section 41(a) of the Internal Revenue Code shall be
7 15 percent.

8 (b) "Qualified research" and "basic research" shall consist only of research conducted in Oregon
9 by a qualified [semiconductor] company, in support of [a trade or business directly related to semi-
10 conductors] **the qualified company's primary business**.

11 (3) The Income Tax Regulations as prescribed by the Secretary of the Treasury under authority
12 of section 41 of the Internal Revenue Code apply for purposes of this section, except as modified by
13 this section or as provided in rules adopted by the Department of Revenue.

14 (4) The maximum credit under this section may not exceed \$4 million for any taxpayer.

15 (5) Prior to claiming a credit under this section, a taxpayer must obtain from the Oregon Business
16 Development Department[:]

17 [(a) *If applicable, approval from the Oregon Business Development Department as provided in*
18 *section 5, chapter 298, Oregon Laws 2023.*]

19 [(b)] certification as provided in ORS 315.522.

20 (6) The Oregon Business Development Department shall provide information to the Department
21 of Revenue about all certifications issued under ORS 315.522, if required by ORS 315.058.

22 (7) The Director of the Oregon Business Development Department may order the suspension or
23 revocation of a credit allowed under this section, as provided in ORS 315.061.

24 (8) A deduction may not be taken for the portion of expenses or payments, otherwise allowable
25 as a deduction, that is equal to the amount of the credit claimed under this section.

26 (9) Notwithstanding ORS 317.090 (3), the refundable portion of a credit under this section is allowed
27 against the tax imposed under ORS 317.090 and may reduce the tax imposed under ORS
28 317.090 to zero. Any remaining amount of credit above the minimum shall be refunded as provided
29 in ORS 315.519.

30 (10) Any tax credit that is otherwise allowable under this section and that is not used by the
31 taxpayer in that year may be carried forward and offset against the taxpayer's tax liability for the
32 next succeeding tax year. Any credit remaining unused in such next succeeding tax year may be
33 carried forward and used in the second succeeding tax year, and likewise any credit not used in that
34 second succeeding tax year may be carried forward and used in the third succeeding tax year, and
35 any credit not used in that third succeeding tax year may be carried forward and used in the fourth
36 succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried
37 forward and used in the fifth succeeding tax year, but may not be carried forward for any tax year
38 thereafter.

39 **SECTION 2.** ORS 315.519 is amended to read:

40 315.519. (1)(a) If the amount allowable as a credit under ORS 315.518, after any reduction applicable
41 under subsection (2) of this section, when added to the sum of the amount of estimated tax paid under ORS
42 314.515 and any other tax prepayment amounts, exceeds the taxes imposed by ORS chapters 314 and 317 for the tax year after application of any nonrefundable credits allowable for
43 purposes of ORS chapter 317 for the tax year, the amount of the excess determined under this sub-
44 section shall be refunded to the taxpayer as provided in ORS 314.415.

1 (b) If the amount allowable as a credit under ORS 315.518, after any reduction applicable under
 2 subsection (2) of this section, when added to the sum of the amounts allowable as payment of tax
 3 under ORS 316.187 or 316.583, other tax prepayment amounts and other refundable credit amounts,
 4 exceeds the taxes imposed by ORS chapters 314 and 316 for the tax year after application of any
 5 nonrefundable credits allowable for purposes of ORS chapter 316 for the tax year, the amount of the
 6 excess shall be refunded to the taxpayer as provided in ORS 316.502.

7 (2) If the taxpayer employs, in Oregon:
 8 (a) Fewer than 150 employees at the close of the tax year, the amount of credit used in the
 9 calculation in subsection (1) of this section shall be reduced by 25 percent.

10 (b) At least 150 employees but fewer than 500 employees at the close of the tax year, the amount
 11 of credit used in the calculation in subsection (1) of this section shall be reduced by 50 percent.

12 (c) At least 500 employees [*but fewer than 3,000 employees*] at the close of the tax year, the
 13 amount of credit used in the calculation in subsection (1) of this section shall be reduced by 75
 14 percent.

15 (3) Any amount not available for refund due to subsection (2) of this section may be carried
 16 forward as provided in ORS 315.518 (10).

17 [(4) *This section applies only to taxpayers with fewer than 3,000 employees who are employed in
 18 Oregon at the close of the tax year.*]

19 **SECTION 3.** ORS 315.522 is amended to read:

20 315.522. (1) A taxpayer seeking to claim the credit provided under ORS 315.518 shall file for
 21 each tax year a written application for certification with the Oregon Business Development De-
 22 partment. The application must include:

23 (a) A description of how the taxpayer meets the definition of a qualified [*semiconductor*] company
 24 under ORS 315.518;

25 (b) A description of how proposed research and development activities for which the taxpayer
 26 seeks a tax credit under ORS 315.518 will support the taxpayer in conducting [*a business or trade
 27 directly related to semiconductors*] **the qualified company's primary business**; and

28 (c) Any other information that is required by the department by rule.

29 (2) An application for certification under this section must be accompanied by a payment of any
 30 fee established by the department by rule under subsection (4) of this section.

31 **(3)(a) Except as provided in paragraph (b) of this subsection, the department shall certify
 32 applicants and award credit amounts in the order applications are received by the depart-
 33 ment. Applications received on the same day shall be deemed to have been received sim-
 34 ultaneously. If a pending request cannot be fully certified because of the limitation in section
 35 8, chapter 298, Oregon Laws 2023, the department shall certify the portion that may be cer-
 36 tified unless the qualified company elects to withdraw its request rather than receive partial
 37 credit.**

38 **(b) The department by rule shall establish a reserve amount sufficient to ensure that any
 39 qualified company with fewer than 150 employees that files an application under this section
 40 prior to the date prescribed for filing the qualified company's tax return shall receive certi-
 41 fication for the full amount of the credit to which the qualified company is eligible.**

42 **[3] (c) After considering timely filed and complete applications, along with amounts available
 43 under section 8, chapter 298, Oregon Laws 2023, the department shall, if the department deems ap-
 44 propriate, issue a certification to an applicant taxpayer if the department determines that the tax-
 45 payer is a qualified [*semiconductor*] company as that term is defined under ORS 315.518, and if the**

1 taxpayer attests that the proposed research and development activities for which the taxpayer seeks
 2 the credit under ORS 315.518 will support the taxpayer in conducting [*a trade or business directly*
 3 *related to semiconductors*] **the taxpayer's primary business**.

4 (4) The department shall establish by rule a fee for filing a written application for certification
 5 under this section. The fee shall be adequate to recover the costs incurred by the department in
 6 reviewing the applications under this section.

7 (5) Information submitted to the department under this section or section 5, chapter 298, Oregon
 8 Laws 2023, is exempt from public disclosure under ORS 192.311 to 192.478 and must be treated as
 9 confidential.

10 **SECTION 4.** Section 8, chapter 298, Oregon Laws 2023, is amended to read:

11 **Sec. 8. (1)** The total amount of potential tax credits for all qualified semiconductor companies
 12 in this state may not, at the time of certification under [*section 4 of this 2023 Act*] **ORS 315.522**,
 13 exceed[.]

14 [(1)] \$35 million for the biennium beginning July 1, 2023[.].

15 **(2) The total amount of potential tax credits for all qualified companies in this state may**
 16 **not, at the time of certification under ORS 315.522, exceed:**

17 [(2)] (a) [\$80] **\$160** million for the biennium beginning July 1, 2025;

18 [(3)] (b) [\$90] **\$180** million for the biennium beginning July 1, 2027; and

19 [(4)] (c) [\$50] **\$100** million for the fiscal year beginning July 1, 2029.

20 **SECTION 5.** Section 12, chapter 298, Oregon Laws 2023, is amended to read:

21 **Sec. 12. [Sections 2 to 5 of this 2023 Act] ORS 315.518 to 315.522 and section 5, chapter 298,**
 22 **Oregon Laws 2023**, apply to tax years beginning on or after January 1, 2024, and before January
 23 1, [2030] **2036**.

24 **SECTION 6. The amendments to ORS 315.518, 315.519 and 315.522 by sections 1 to 3 of this**
 25 **2026 Act apply to tax years beginning on or after January 1, 2027.**

26 **SECTION 7. (1) The governing body of a city or county may establish by ordinance or**
 27 **resolution a property tax exemption for new or modernized machinery and equipment used**
 28 **exclusively within the boundaries of the city or the unincorporated areas of the county, re-**
 29 **spectively, by an advanced manufacturing business.**

30 (2) An ordinance or resolution adopted under this section shall specify the requirements
 31 for the machinery and equipment to be eligible for, and an advanced manufacturing business
 32 to claim, the exemption.

33 (3)(a) An ordinance or resolution adopted under this section shall specify the period, not
 34 to exceed five years, for which the exemption may be granted.

35 (b) The city or county may adopt any other provisions relating to the property tax ex-
 36 emption that do not conflict with the requirements of this section.

37 (4)(a) The city or county may amend or repeal an ordinance or resolution adopted under
 38 this section at any time.

39 (b) Notwithstanding paragraph (a) of this subsection, machinery and equipment that is
 40 receiving an exemption under this section when the amendments to or the repeal of the or-
 41 dinance or resolution become effective shall continue to receive the exemption pursuant to
 42 the provisions of the ordinance or resolution in effect when the machinery and equipment
 43 was initially granted the exemption.

44 **SECTION 8.** ORS 285C.175 is amended to read:

45 285C.175. (1) Property of an authorized business firm is exempt from ad valorem property taxa-

1 tion if:

2 (a) The property is qualified property under ORS 285C.180;

3 (b) The firm meets the qualifications under ORS 285C.200; and

4 (c) The firm has entered into a first-source hiring agreement under ORS 285C.215.

5 (2)(a) Except as otherwise provided in ORS 285C.203:

6 (A) The exemption allowed under this section applies to the first tax year for which, as of Jan-

7 uary 1 preceding the tax year, the qualified property is in service. The exemption shall continue for

8 the next two succeeding tax years if the property continues to be owned or leased by the business

9 firm and located in the enterprise zone.

10 (B) The property may be exempt from property taxation under this section for up to [two] **seven**

11 additional tax years consecutively following the tax years described in subparagraph (A) of this

12 paragraph, if authorized by the written agreement entered into by the firm and the sponsor under

13 ORS 285C.160.

14 (b) If qualified property of a qualified business firm is sold or leased to an eligible business firm

15 in the enterprise zone during the period the property is exempt under this section, the purchasing

16 or leasing firm is eligible to continue the exemption of the selling or leasing firm for the balance

17 of the exemption period, but only if any effects on employment within the zone that result from the

18 sale or lease do not constitute substantial curtailment under ORS 285C.210.

19 (3)(a) The exemption allowed under this section shall be 100 percent of the assessed value of the

20 qualified property in each of the tax years for which the exemption is available.

21 (b) Notwithstanding paragraph (a) of this subsection:

22 (A) If the qualified property is an addition to or modification of an existing building or structure,

23 the exemption shall be measured by the increase in value, if any, attributable to the addition or

24 modification.

25 (B) If the qualified property is an item of reconditioned, refurbished, retrofitted or upgraded real

26 property machinery or equipment, the exemption shall be measured by the increase in the value of

27 the item that is attributable to the reconditioning, refurbishment, retrofitting or upgrade.

28 (4)(a) An exemption may not be granted under this section for qualified property assessed for

29 property tax purposes in the county in which the property is located on or before the date on which:

30 (A) Designation of the zone takes effect under ORS 285C.074; or

31 (B) A boundary change for the zone takes effect under ORS 285C.117 if the property is located

32 in an area added to the zone.

33 (b) An exemption may not be granted for qualified property constructed, added, modified or in-

34 stalled in the zone or in the process of construction, addition, modification or installation in the

35 zone on or before the date on which:

36 (A) Designation of the zone takes effect under ORS 285C.074; or

37 (B) A boundary change for the zone takes effect under ORS 285C.117 if the property is located

38 in an area added to the zone.

39 (c) An exemption may not be granted for any qualified property that was in service within the

40 zone for more than 12 months by January 1 of the first assessment year for which an exemption

41 claim is made, or 24 months, in the case of a late claim under ORS 285C.220 (9).

42 (d) An exemption may not be granted for any qualified property unless the property is actually

43 in use or occupancy before July 1 of the year immediately following the year during which the

44 property was first placed in service.

45 (e) Except as provided in ORS 285C.245, an exemption may not be granted for qualified property

1 constructed, added, modified or installed after termination of an enterprise zone.

2 (5) Property is not required to have been exempt under ORS 285C.170 in order to be exempt
3 under this section.

4 (6) The county assessor shall notify the business firm in writing whenever property is denied
5 an exemption under this section. The denial of exemption may be appealed to the Oregon Tax Court
6 under ORS 305.404 to 305.560.

7 (7) For each tax year that the property is exempt from taxation, the assessor shall:

8 (a) Enter on the assessment roll, as a notation, the assessed value of the property as if it were
9 not exempt under this section.

10 (b) Enter on the assessment roll, as a notation, the amount of additional taxes that would be
11 due if the property were not exempt.

12 (c) Indicate on the assessment roll that the property is exempt and is subject to potential additional
13 taxes as provided in ORS 285C.240, by adding the notation "enterprise zone exemption (po-
14 tential additional tax)."

15 **SECTION 9.** ORS 285C.160 is amended to read:

16 285C.160. (1) An eligible business firm seeking authorization under ORS 285C.140 and the spon-
17 sor of the enterprise zone in which the firm intends to invest may enter into a written agreement
18 to extend the period during which the qualified property is exempt from taxation under ORS
19 285C.175 if the firm complies with the terms of the agreement.

20 (2) The period for which the qualified property is to continue to be exempt must be set forth in
21 the agreement and may not exceed [two] **seven** additional tax years for which a school support fee
22 must be paid in accordance with ORS 285C.162.

23 (3) In order for an agreement under this section to extend the period of exemption, the agree-
24 ment must be executed on or before the date on which the firm is authorized, and:

25 (a) If the enterprise zone is a rural enterprise zone or an urban enterprise zone located inside
26 a metropolitan statistical area of fewer than 400,000 residents, the agreement must require that the
27 firm:

28 (A)(i) Annually compensate all new employees hired by the firm at an average rate of at least
29 150 percent of the county average annual wage for each assessment year during the tax exemption
30 period, as determined at the time of authorization; or

31 (ii) If the enterprise zone is located in a qualified rural county, annually compensate all new
32 employees hired by the firm at an average rate of at least 130 percent of the county average annual
33 wage for each assessment year during the tax exemption period, as determined at the time of au-
34 thorization; and

35 (B) Meet any additional requirement that the sponsor may reasonably request.

36 (b) Notwithstanding paragraph (a)(A) of this subsection, the average wage received by the newly
37 hired employees must equal or exceed 100 percent of the average wage in the county.

38 (c) If the enterprise zone is an urban enterprise zone located inside a metropolitan statistical
39 area of 400,000 residents or more, the agreement must require that the firm meet any additional
40 requirement the sponsor may reasonably require.

41 (4) If a firm enters into an agreement under this section that includes a compensation require-
42 ment under subsection (3)(a)(A) of this section and the firm subsequently submits one or more
43 statements of continued intent under ORS 285C.165, notwithstanding the terms of the agreement
44 made under this section, for each statement of continued intent submitted, the county average an-
45 nual wage under subsection (3)(a)(A) of this section shall be adjusted to a level that is current with

1 the statement.

2 **SECTION 10.** ORS 285C.162 is amended to read:

3 285C.162. (1) As used in this section: [,]

4 (a) "Affected school district" means a school district as defined in ORS 332.002 (2) in which the
5 qualified property of a business firm granted exemption under ORS 285C.175 is located.

6 (b) **"Electing school district" means an affected school district whose governing body
7 elects to receive a school support fee under this section.**

8 (2)(a) An agreement entered into under ORS 285C.160 by the governing body of a zone sponsor
9 and a business firm [*shall*] **may** provide for a school support fee to be paid in lieu of the property
10 taxes that would otherwise be imposed on the business firm's qualified property.

11 (b) **The governing body of an affected school district shall notify the zone sponsor
12 whether or not the school district elects to receive a school support fee.**

13 [(b)] (3)(a) The amount of [*the*] a school support fee [*of each affected*] **for an electing** school
14 district shall equal the respective rate set under ORS 285C.067 (1)(b) multiplied by the property
15 taxes that would, but for the exemption, be due on the qualified property for each property tax year
16 to which the agreement relates.

17 [(c)] (b) The agreement may also include:

18 (A) A rate of interest and a penalty to be imposed on delinquent fee payments;

19 (B) A means and schedule for curing a delinquent fee payment; and

20 (C) Any other provisions the zone sponsor and business firm agree upon that do not conflict with
21 this section.

22 [(3)(a)] (4)(a) On or before November 1 following the beginning of each of [*two*] additional
23 tax years agreed upon under ORS 285C.160 (2), the governing body of the zone sponsor shall provide
24 to the governing body of each [*affected*] **electing** school district all information necessary for the
25 [*affected*] **electing** school district to collect the fee directly from the business firm.

26 (b) On or before each following December 1, the governing body of each [*affected*] **electing**
27 school district shall send to the business firm a notice of the required fee payment. The fee shall
28 be due not later than December 31 of the same year.

29 [(4)] (5) Each [*affected*] **electing** school district shall be responsible for making refunds to busi-
30 ness firms of overpayments of the district's school support fee and any interest or penalty imposed
31 on the fee.

32 [(5)(a)] (6)(a) If a fee payment is delinquent for more than 60 days following the date of delin-
33 quency or any later date allowed for curing the delinquency, the governing body of each [*affected*]
34 **electing** school district shall give written notice of the delinquency to the business firm and the
35 assessor of the county in which the [*affected*] **electing** school district is situated.

36 (b) Upon receipt of the written notice under paragraph (a) of this subsection, the assessor shall:

37 (A) Disqualify the property for the property tax years, if any, for which exemption under ORS
38 285C.175 would otherwise be allowable following the disqualifying event; and

39 (B) Impose the amount of the outstanding fee along with any amounts of interest or penalty
40 imposed on the fee.

41 [(6)] (7) The amount determined to be due under subsection [(5)] (6) of this section:

42 (a) May be paid to the tax collector before completion of the next general property tax roll
43 pursuant to ORS 311.370; and

44 (b) Shall be added to the tax extended against the property on the next general property tax roll.

45 [(7)] (8) Amounts collected under this section shall be deemed to have been imposed for the

1 property tax year to which the fee payment relates.

2 [(8)] (9) The fee shall be considered moneys received in lieu of property taxes for purposes of
3 ORS 327.011 (1)(f).

4 [(9)] (10) The amount of a fee and any interest or penalty imposed on the fee, and the disqualification
5 of qualified property under this section, may be appealed to the Oregon Tax Court under
6 ORS 305.404 to 305.560.

7 **SECTION 11.** ORS 285C.405 is amended to read:

8 285C.405. (1) As used in this section: [,]

9 (a) "Affected school district" means a school district as defined in ORS 332.002 (2) in which the
10 facility of a business firm granted exemption under ORS 285C.409 is located.

11 (b) **"Electing school district" means an affected school district whose governing body
12 elects to receive a school support fee under this section.**

13 (2)(a) An agreement entered into under ORS 285C.403 by the governing body of a zone sponsor
14 and a business firm [*shall*] **may** provide for a school support fee to be paid in lieu of the property
15 taxes that would otherwise be imposed on the business firm's facility for each year of exemption
16 after the fifth year.

17 (b) **The governing body of an affected school district shall notify the zone sponsor
18 whether or not the school district elects to receive a school support fee.**

19 [(b)] (3)(a) The amount of [*the*] a school support fee [*of each affected*] **for an electing school**
20 **district shall equal the respective rate set under ORS 285C.067 (1)(b) multiplied by the property**
21 **taxes that would, but for the exemption, be due on the facility for each property tax year after the**
22 **fifth year of exemption.**

23 [(c)] (b) The agreement may also include:

24 (A) A rate of interest and a penalty to be imposed on delinquent fee payments;

25 (B) A means and schedule for curing a delinquent fee payment; and

26 (C) Any other provisions the zone sponsor and business firm agree upon that do not conflict with
27 this section.

28 [(3)(a)] (4)(a) On or before November 1 following the beginning of the sixth and each subsequent
29 property tax year for which an exemption under ORS 285C.409 is granted, the governing body of the
30 zone sponsor shall provide to the governing body of each [*affected*] **electing** school district all in-
31 formation necessary for the [*affected*] **electing** school district to collect the fee directly from the
32 business firm.

33 (b) On or before each following December 1, the governing body of each [*affected*] **electing**
34 school district shall send to the business firm a notice of the required fee payment. The fee shall
35 be due not later than December 31 of the same year.

36 [(4)] (5) Each [*affected*] **electing** school district shall be responsible for making refunds to busi-
37 ness firms of overpayments of the district's school support fee and any interest or penalty imposed
38 on the fee.

39 [(5)(a)] (6)(a) If a fee payment is delinquent for more than 60 days following the date of delin-
40 quency or any later date allowed for curing the delinquency, the governing body of each [*affected*]
41 **electing** school district shall give written notice of the delinquency to the business firm and the
42 assessor of the county in which the [*affected*] **electing** school district is situated.

43 (b) Upon receipt of the written notice under paragraph (a) of this subsection, the assessor shall:

44 (A) Disqualify the property for the property tax years, if any, for which exemption under ORS
45 285C.409 would otherwise be allowable following the disqualifying event; and

1 (B) Impose the amount of the outstanding fee along with any amounts of interest or penalty
 2 imposed on the fee.

3 [(6)] (7) The amount determined to be due under subsection [(5)] (6) of this section:

4 (a) May be paid to the tax collector before completion of the next general property tax roll
 5 pursuant to ORS 311.370; and

6 (b) Shall be added to the tax extended against the property on the next general property tax roll.

7 [(7)] (8) Amounts collected under this section shall be deemed to have been imposed for the
 8 property tax year to which the fee payment relates.

9 [(8)] (9) The fee shall be considered moneys received in lieu of property taxes for purposes of
 10 ORS 327.011 (1)(f).

11 [(9)] (10) The amount of a fee and any interest or penalty imposed on the fee, and the disqualification
 12 of a facility under this section, may be appealed to the Oregon Tax Court under ORS 305.404
 13 to 305.560.

14 SECTION 12. ORS 285C.067 is amended to read:

15 285C.067. (1) Prior to designating an enterprise zone under ORS 285C.065 or 285C.250:

16 (a) The governing body of the city, county or port seeking to designate the enterprise zone shall
 17 consult with all local taxing districts with territory in the zone.

18 (b) The governing bodies of the zone sponsor and each **electing** school district as defined in ORS
 19 [332.002 (2)] **285C.162** with territory in the enterprise zone shall set a rate for the school support fee
 20 imposed pursuant to ORS 285C.162 [(2)] (3) and 285C.405 [(2)] (3) that is at least 15 percent and not
 21 more than 30 percent. The rate shall apply to all qualified property and facilities granted exemption
 22 under ORS 285C.175 or 285C.409, respectively, located in the enterprise zone.

23 (2) The Oregon Business Development Department may adopt rules on the consultations required
 24 under subsection (1) of this section and procedures related to the consultations.

25 SECTION 13. ORS 285C.403 is amended to read:

26 285C.403. (1)(a) A business firm proposing to apply for the tax exemption provided under ORS
 27 285C.409 shall, before the commencement of construction or installation of property or improvements
 28 at a location in a rural enterprise zone and before the hiring of employees, apply for certification
 29 with the sponsor of the zone and with the county assessor of the county or counties in which the
 30 zone is located.

31 (b) A business firm may not be certified under this section if it is significantly engaged in operating
 32 a fulfillment center within the rural enterprise zone from which deliveries are made to retail
 33 purchasers within, or in the region surrounding, the rural enterprise zone.

34 (2) An application for certification shall be made on a form prescribed by the Department of
 35 Revenue and shall contain the following information:

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

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

40 (c) An estimate of the number of employees at the facility that will be hired by the firm;

41 (d) A commitment to meet the applicable requirements of ORS 285C.412;

42 (e) A commitment to satisfy all additional conditions agreed to pursuant to the written agreement
 43 between the rural enterprise zone sponsor and the business firm under subsection (3)(c) of this
 44 section; and

45 (f) Any other information considered necessary by the Department of Revenue.

1 (3) The sponsor and the county assessor shall certify the business firm by approving the application if the sponsor and the county assessor determine that all of the following requirements have been met:

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

6 (b) The business firm has committed to meet the applicable requirements of ORS 285C.412.

7 (c) The business firm has entered into a written agreement with the sponsor of the rural enterprise zone that conforms to subsection (4) of this section.

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

11 (A) A qualified rural county; or

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

14 (4)(a)(A) The written agreement required under subsection (3)(c) of this section shall state the number of consecutive tax years for which the facility, following commencement of operations, is to be exempt from property tax under ORS 285C.409.

17 (B) The agreement may not provide for a period of exemption that is less than seven consecutive tax years or more than 15 consecutive tax years.

19 (C) If the agreement is silent on the number of tax years for which the facility is to be exempt following placement in service, the exemption shall be for seven consecutive tax years.

21 (b) The agreement must [require a] **include any** school support fee to be paid in accordance with ORS 285C.405.

23 (c) The agreement may include any additional requirements that the sponsor may reasonably request, including but not limited to contributions for local services or infrastructure benefiting the facility.

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

29 (6) The sponsor and the county assessor shall provide copies of an approved application to the applicant, the Department of Revenue and the Oregon Business Development Department.

31 (7) If the sponsor or the county assessor fails or refuses to certify the business firm, the business firm may appeal to the Oregon Tax Court under ORS 305.404 to 305.560. The business firm shall provide copies of the firm's appeal to the sponsor, the county assessor, the Oregon Business Development Department and the Department of Revenue.

35 SECTION 14. ORS 285B.626 is amended to read:

36 285B.626. As used in ORS 285B.625 to 285B.632:

37 (1)(a) "Eligible employer" means an employer that[.]

38 [(a)] is conducting a traded sector business on a regionally significant industrial site[;] and **that** **meets the requirements under paragraph (b) or (c) of this subsection.**

40 (b)[(A)] With respect to [the] an employer's establishment at a rural **regionally significant industrial** site, [has increased] **the employer must:**

42 (A) **Be conducting business at a site where, together with all other eligible employers conducting business at the same site, the cumulative average annual employment has increased** by at least 25 jobs; and

45 (B) [has] **Have** an average annual wage of at least 150 percent of the county or state average

1 wage, whichever is less.; or]

2 [(B)] (c) With respect to [the] **an** employer's establishment at an urban **regionally significant**
3 **industrial** site, [has increased] **the employer must:**

4 **(A) Be conducting business at a site where, together with all other eligible employers**
5 **conducting business at the same site, the cumulative** average annual employment **has in-**
6 **creased** by at least 50 jobs; and

7 **(B) [has] Have** an average annual wage of at least 150 percent of the county or state average
8 wage, whichever is less.

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

14 (3) "Industrial use" means employment activities, including but not limited to manufacturing,
15 assembly, fabrication, processing, storage, logistics, warehousing, importation, distribution, trans-
16 shipment and research and development, that generate income from the production, handling or
17 distribution of goods or services, including goods or services in the traded sector.

18 (4) "Project sponsor" means:

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

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

23 (5) "Regionally significant industrial site" means a site planned and zoned for industrial use
24 that:

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

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

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

32 (b) Is located in an area designated by Metro, as defined in ORS 197.015, as a regionally sig-
33 nificant industrial area.

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

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

37 (8) "Urban site" means a regionally significant industrial site located in a metropolitan statis-
38 tical area, as defined by the most recent federal decennial census, that is located inside a regional
39 or metropolitan urban growth boundary.

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

42 **SECTION 15. Sections 16 and 17 of this 2026 Act are added to and made a part of ORS**
43 **chapter 183.**

44 **SECTION 16. (1) As used in this section:**

45 (a) **"Agency"** means:

1 (A) The Department of Environmental Quality.

2 (B) The State Department of Agriculture.

3 (C) The Department of Consumer and Business Services.

4 (D) The Department of Transportation.

5 (E) The Water Resources Department.

6 (F) The State Department of Energy.

7 (b) "Permit" has the meaning given that term in ORS 183.700.

8 (2) An agency shall establish efficient deadlines within which the agency intends to pro-
9 cess applications for each permit issued by the agency. The agency shall make the deadlines
10 available to the public.

11 (3) To the greatest extent possible, an agency that fails to process an application for a
12 permit before the deadline established under this section shall refund the application fee for
13 the permit and finish processing the application.

14 (4) This section does not confer any right to challenge a rule, order, outcome of a permit
15 application or other action or inaction of an agency.

16 SECTION 17. (1) As used in this section:

17 (a) "Agency" means:

18 (A) The Department of Environmental Quality.

19 (B) The State Department of Agriculture.

20 (C) The Department of Consumer and Business Services.

21 (D) The Department of Transportation.

22 (E) The Water Resources Department.

23 (F) The State Department of Energy.

24 (b) "Complete application" means an application for which the applicant has properly and
25 timely submitted all information required by an agency to act upon the application.

26 (c) "Permit" has the meaning given that term in ORS 183.700.

27 (2) No later than 60 days following the effective date of this 2026 Act, an agency shall
28 publish a catalog of permits issued by the agency. For each permit issued by the agency, the
29 catalog must include:

30 (a) A description of the permit.

31 (b) The duration of the permit.

32 (c) The statutory authority, regulatory authority or other authority for issuing the per-
33 mit.

34 (d) The method by which the agency receives applications for the permit and, if readily
35 available, the date the method was last significantly updated.

36 (e) Any statutory, regulatory or other authority governing the time within which the
37 agency must process applications for the permit.

38 (f) The application fee for the permit, the statutory, regulatory or other authority for the
39 application fee and when the amount of the application fee was last changed.

40 (g) An analysis of the time within which, with existing resources, the agency could con-
41 sistently process complete applications for the permit.

42 (h) A description of the steps in the current approval process, as well as any post-
43 approval steps that must be completed before a person can use the permit.

44 (i) For the year 2025:

45 (A) The number of applications received for the permit.

1 **(B) The average processing time for all applications for the permit, including applications**
2 **that were initially incomplete.**

3 **(C) The average processing time for complete applications for the permit.**

4 **(D) The average time between approval of the permit and any necessary post-approval**
5 **step.**

6 **(j) An analysis identifying opportunities to streamline the approval process for the per-**
7 **mit, eliminate any unnecessary steps or barriers, reduce the incidence of incomplete appli-**
8 **cations and eliminate any obsolete or unnecessary approval processes.**

9 **(k) The approximate number of applications for the permit currently pending at the**
10 **agency and a statement of whether a backlog exists.**

11 **SECTION 18. Section 17 of this 2026 Act is repealed on January 2, 2027.**

12 **SECTION 19.** ORS 197A.250 is amended to read:

13 197A.250. (1) For purposes of land use planning in Oregon, the Legislative Assembly designates
14 the land in Washington County that was designated as rural reserve in Metro Resolution No.
15 11-4245, adopted on March 15, 2011, as the acknowledged rural reserve in Washington County, ex-
16 cept that:

17 (a) The Legislative Assembly does not designate as rural reserves the real property in Area 5C
18 on Metro's map denominated as the "Urban and Rural Reserves in Washington County, Attachment
19 A to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT)," that is more particularly described
20 as:

21 (A) Tax lots 1500 and 1501, section 1 of township 2 south, range 2 west, Willamette Meridian;
22 and

23 (B) A tract of land being in the north one-half of section 18, township 2 south, range 1 west,
24 Willamette Meridian, Washington County Oregon, and being more particularly described as follows:
25 Beginning at the northeast corner of that tract of land conveyed to John Lasich, et ux, by deed re-
26 corded October 22, 1931, in Book 148, page 116, of the Washington County Deed Records; thence
27 westerly along the north line said tract 1444.2 feet, more or less, to the southwest corner of that
28 property described in Deed Document No. 81038291 of the Washington County Book of Records;
29 thence southerly and perpendicular to said north line, 50.00 feet; thence easterly on a line being
30 parallel with and 50.00 feet southerly of said north line 1444.2 feet, more or less, to the east line
31 of said Lasich tract; thence northerly 50.00 feet to the point of beginning.

32 (b) The Legislative Assembly designates as acknowledged urban reserve the real property that
33 is part of the original plat of Bendemeer, Washington County, Oregon, more particularly described
34 as:

35 (A) All of lots 1 through 18, inclusive;

36 (B) The parts of lots 64, 65 and 66 that are situated between the east boundary of the right of
37 way of Northwest West Union Road and the east boundary of the right of way of Northwest
38 Cornelius Pass Road;

39 (C) The real property that is more particularly described as: Beginning at a point of origin that
40 is the south bank of Holcomb Creek and the west boundary of the right of way of Northwest
41 Cornelius Pass Road; thence easterly along the south bank of Holcomb Creek, continuing along the
42 south bank of Holcomb Lake to its intersection with the west boundary of Area 8C; thence southerly
43 along the west boundary of Area 8C to its intersection with the north boundary of the right of way
44 of Northwest West Union Road; thence westerly along the right of way to its intersection with the
45 west boundary of the right of way of Northwest Cornelius Pass Road; thence northerly along the

1 right of way to the point of origin;

2 (D) The real property that is more particularly described as tax lot 4050 in section 14A of
3 township 1 north, range 2 west, Willamette Meridian;

4 (E) The portion of Northwest West Union Road and its right of way from the intersection of the
5 road with the west boundary of Area 8C to the intersection of the road with the west boundary of
6 the right of way of Northwest Bendemeer Road on Metro's map denominated as the "Urban and
7 Rural Reserves in Washington County, Attachment A to Staff Report for Resolution No. 11-4245
8 (03/17/11 DRAFT)"; and

9 (F) The real property that is more particularly described as tax lot 400 in section 14D of town-
10 ship 1 north, range 2 west, Willamette Meridian.

11 (2) For purposes of land use planning in Oregon, the Legislative Assembly designates the land
12 in Washington County that was designated as urban reserve in Metro Resolution No. 11-4245,
13 adopted on March 15, 2011, as the acknowledged urban reserve in Washington County, except that:

14 (a) The real property in Area 8A on Metro's map denominated as the "Urban and Rural Re-
15 serves in Washington County, Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11
16 DRAFT)," *[east of the east boundary of the right of way of Northwest Jackson School Road and east
17 of the east bank of Storey Creek and the east bank of Waibel Creek]* is included within the acknowl-
18 edged **Metro** urban growth boundary.

19 [(b) *The real property in Area 8A on Metro's map denominated as the "Urban and Rural Reserves
20 in Washington County, Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT),"
21 that is south of the south boundary of the right of way of Highway 26 and west of the real property
22 described in paragraph (a) of this subsection is designated as acknowledged rural reserve.]*]

23 [(c)] (b) The real property in Area 8B on Metro's map denominated as the "Urban and Rural
24 Reserves in Washington County, Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11
25 DRAFT)," that is more particularly described as tax lot 100 in section 21AA of township 1 north,
26 range 2 west, Willamette Meridian, and tax lots 900, 901, 1100, 1200, 1300 and 1400 in section 15 of
27 township 1 north, range 2 west, Willamette Meridian, is not designated as a reserve area.

28 [(d)] (c) The real property in Area 8B on Metro's map denominated as the "Urban and Rural
29 Reserves in Washington County, Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11
30 DRAFT)," that is not described in paragraph [(c)] (b) of this subsection is designated as acknowl-
31 edged rural reserve.

32 [(e)] (d) The real property in Area 7B on Metro's map denominated as the "Urban and Rural
33 Reserves in Washington County, Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11
34 DRAFT)," that is north of the south bank of Council Creek is designated as acknowledged rural
35 reserve.

36 [(f)] (e) The real property in Area 7B on Metro's map denominated as the "Urban and Rural
37 Reserves in Washington County, Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11
38 DRAFT)," that is south of the south bank of Council Creek is included within the acknowledged
39 **Metro** urban growth boundary.

40 (3) For purposes of land use planning in Oregon, in relation to the following real property in
41 Washington County that is not reserved by designation in Metro Resolution No. 11-4245, adopted
42 on March 15, 2011, the Legislative Assembly designates:

43 (a) As acknowledged rural reserve the real property that is situated south of the City of North
44 Plains on Metro's map denominated as the "Urban and Rural Reserves in Washington County, At-
45 tachment A to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT)," more particularly de-

1 scribed as tax lots 100, 101, 200 and 201 in section 11 of township 1 north, range 3 west, Willamette
 2 Meridian, tax lots 1800 and 2000 and that portion of tax lot 3900 that is north of the south line of
 3 the Dobbins Donation Land Claim No. 47 in section 12 of township 1 north, range 3 west, Willamette
 4 Meridian, and the portion of Northwest Gordon Road and its right of way from the south boundary
 5 of the right of way of Northwest Beach Road to the south boundary of tax lot 200 in section 11 of
 6 township 1 north, range 3 west, Willamette Meridian.

7 (b) As acknowledged rural reserve the real property that is situated north of the City of
 8 Cornelius on Metro's map denominated as the "Urban and Rural Reserves in Washington County,
 9 Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT)," and that is north of the
 10 south bank of Council Creek, east of the east right of way of Northwest Cornelius-Schefflin Road
 11 and west of the west bank of Dairy Creek.

12 (c) As acknowledged rural reserve the real property that is north of the City of Forest Grove
 13 on Metro's map denominated as the "Urban and Rural Reserves in Washington County, Attachment
 14 A to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT)," more particularly described as east
 15 of Area 7B, west of the east right of way of Highway 47 and south of the north right of way of
 16 Northwest Purdin Road.

17 (d) As acknowledged rural reserve the real property that is situated west of Area 8B on Metro's
 18 map denominated as the "Urban and Rural Reserves in Washington County, Attachment A to Staff
 19 Report for Resolution No. 11-4245 (03/17/11 DRAFT)."

20 (4) Land in a county in Metro that is planned and zoned for farm, forest or mixed farm and
 21 forest use and that is not designated as urban reserve may not be included within the urban growth
 22 boundary of Metro before at least 75 percent of the land in the county that was designated urban
 23 reserve in this section has been included within the urban growth boundary and planned and zoned
 24 for urban uses.

25 (5) The real property described in subsection (2)(a) of this section **east of Northwest Jackson**
 26 **School Road, Storey Creek and Waibel Creek**, except for the land denominated as "UGB 2014"
 27 on the Metro Map titled "HB 4078 Reserves and Urban Growth Boundary Washington County Area
 28 - Attachment 1 (June 2014)" and that is south of Northwest Sunset Highway and north of Northwest
 29 Evergreen Road:

30 (a) Is employment land of state significance; and
 31 (b) Must be planned and zoned for employment use.

32 (6) **The real property described in subsection (2)(a) of this section, except for the land**
 33 **east of Northwest Jackson School Road, Storey Creek and Waibel Creek:**

34 (a) **Must be planned and zoned for industrial use, including:**
 35 (A) **High-technology and advanced manufacturing and production, including research and**
 36 **development;**
 37 (B) **Uses that support high-technology and advanced manufacturing, research and devel-**
 38 **opment; and**
 39 (C) **Commercial uses that are accessory to and located within the same building as the**
 40 **high-technology and advanced manufacturing or that support the manufacturing.**
 41 (b) **May not be zoned for or developed as:**
 42 (A) **A data storage, processing or information center except as an accessory to or part**
 43 **of a use described in paragraph (a) of this subsection;**
 44 (B) **Commercial recreation facilities; or**
 45 (C) **Retail warehousing facilities.**

1 [(6)] **(7)** If the real property described in subsection [(2)(f)] **(2)(e)** of this section or ORS 197A.358
2 (1) to (3) is planned and zoned for employment use, in its first legislative review of the urban growth
3 boundary on or after April 1, 2014, Metro shall not count the employment capacity of the real
4 property described in subsection [(2)(f)] **(2)(e)** of this section or in ORS 197A.358 (1) to (3) in deter-
5 mining the employment capacity of the land within Metro.

6 **SECTION 20.** Notwithstanding ORS chapter 197 or 197A, ORS 215.431 or 227.188, any
7 statewide land use planning goals or administrative rules that implement the goals, not later
8 than six months following the effective date of this 2026 Act, Washington County and the
9 City of Hillsboro shall amend their respective comprehensive plans and land use regulations
10 to allow for the use of the land described in ORS 197A.250 (2)(a) for the uses described in
11 197A.250 (6). The amendments are deemed acknowledged under ORS 197.251 upon adoption
12 by the local government, provided that:

13 (1) Each amendment is adopted by an ordinance or resolution of the governing body of
14 the local government after a public hearing; and

15 (2) A copy of the ordinance or resolution is delivered to the Land Conservation and De-
16 velopment Commission within 14 days after adoption.

17 **SECTION 21.** Notwithstanding any provision of ORS chapter 198 or 268, the lands added
18 to the acknowledged Metro urban growth boundary by the amendments to ORS 197A.250 by
19 section 19 of this 2026 Act are hereby annexed to the metropolitan service district without
20 further proceedings.

21 **SECTION 22.** This 2026 Act takes effect on the 91st day after the date on which the 2026
22 regular session of the Eighty-third Legislative Assembly adjourns sine die.

23 _____