

SB 1586-7
(LC 237)
2/20/26
(ASD/CMT/MNJ/RLM/p
s)

Requested by Senator SOLLMAN

**PROPOSED AMENDMENTS TO
SENATE BILL 1586**

1 On page 1 of the printed bill, delete lines 3 and 4 and insert “314.772,
2 315.519 and 315.522 and section 12, chapter 298, Oregon Laws 2023; and pre-
3 scribing an effective date.”.

4 Delete lines 6 through 19 and delete pages 2 through 16 and insert:

5 **“SECTION 1. Sections 2 to 5 of this 2026 Act are added to and made
6 a part of ORS chapter 315.**

7 **“SECTION 2. (1) As used in this section:**

8 **“(a)(A) ‘Advanced manufacturing’ means activities that:**

9 **“(i) Depend on the use and coordination of information, auto-
10 mation, computation, software, industrial sensors and networking;**

11 **“(ii) Make use of newly developed materials and processes enabled
12 by the physical and biological sciences, including but not limited to
13 nanotechnology, chemistry and biology;**

14 **“(iii) Involve both new ways to manufacture existing products and
15 the manufacture of new products emerging from new advanced tech-
16 nologies; or**

17 **“(iv) As applied to biotechnology and life sciences activities, are
18 related research, development, scale-up and enabling technology ac-
19 tivities integral to the production of biological, medical or biobased
20 products.**

1 **“(B) ‘Advanced manufacturing’ does not include activities that are**
2 **primarily:**

3 **“(i) Routine assembly, packaging, labeling, sorting, warehousing,**
4 **storage or distribution;**

5 **“(ii) Basic fabrication, machining or processing that does not in-**
6 **corporate advanced technologies or materially transform products or**
7 **production processes;**

8 **“(iii) Maintenance, repair or refurbishment of machinery, equip-**
9 **ment or products; or**

10 **“(iv) Administrative, clerical, sales, marketing or other nonprod-**
11 **uction activities.**

12 **“(b) ‘Qualified advanced manufacturing company’ means an entity**
13 **whose primary business, as determined by the Oregon Business De-**
14 **velopment Department by rule, is to engage in advanced manufactur-**
15 **ing.**

16 **“(2) A credit against taxes otherwise due under ORS chapter 316 or,**
17 **if the taxpayer is a corporation, under ORS chapter 317 shall be al-**
18 **lowed to eligible taxpayers for increases in qualified research expenses**
19 **and basic research payments. The credit shall be determined in ac-**
20 **cordance with section 41 of the Internal Revenue Code, except as fol-**
21 **lows:**

22 **“(a) The applicable percentage specified in section 41(a) of the**
23 **Internal Revenue Code shall be 15 percent.**

24 **“(b) ‘Qualified research’ and ‘basic research’ shall consist only of**
25 **research conducted in Oregon by a qualified advanced manufacturing**
26 **company, in support of a trade or business directly related to advanced**
27 **manufacturing.**

28 **“(3) The Income Tax Regulations as prescribed by the Secretary of**
29 **the Treasury under authority of section 41 of the Internal Revenue**
30 **Code apply for purposes of this section, except as modified by this**

1 section or as provided in rules adopted by the Department of Revenue.

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

4 “(5) Prior to claiming a credit under this section, a taxpayer must
5 obtain from the Oregon Business Development Department certifica-
6 tion as provided in section 4 of this 2026 Act.

7 “(6) The Oregon Business Development Department shall provide
8 information to the Department of Revenue about all certifications is-
9 sued under section 4 of this 2026 Act, if required by ORS 315.058.

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

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

16 “(9) The credit under this section is not allowed in any tax year for
17 which the taxpayer claims a credit under ORS 315.518.

18 “(10) Notwithstanding ORS 317.090 (3), the refundable portion of a
19 credit under this section is allowed against the tax imposed under ORS
20 317.090 and may reduce the tax imposed under ORS 317.090 to zero. Any
21 remaining amount of credit above the minimum shall be refunded as
22 provided in section 3 of this 2026 Act.

23 “(11) Any tax credit that is otherwise allowable under this section
24 and that is not used by the taxpayer in that year may be carried for-
25 ward and offset against the taxpayer’s tax liability for the next suc-
26 ceeding tax year. Any credit remaining unused in such next succeeding
27 tax year may be carried forward and used in the second succeeding tax
28 year, and likewise any credit not used in that second succeeding tax
29 year may be carried forward and used in the third succeeding tax year,
30 and any credit not used in that third succeeding tax year may be car-

1 ried forward and used in the fourth succeeding tax year, and any
2 credit not used in that fourth succeeding tax year may be carried
3 forward and used in the fifth succeeding tax year, but may not be
4 carried forward for any tax year thereafter.

5 **“SECTION 3. (1)(a) If the amount allowable as a credit under sec-**
6 **tion 2 of this 2026 Act, after any reduction applicable under subsection**
7 **(2) of this section, when added to the sum of the amount of estimated**
8 **tax paid under ORS 314.515 and any other tax prepayment amounts,**
9 **exceeds the taxes imposed by ORS chapters 314 and 317 for the tax year**
10 **after application of any nonrefundable credits allowable for purposes**
11 **of ORS chapter 317 for the tax year, the amount of the excess deter-**
12 **mined under this subsection shall be refunded to the taxpayer as pro-**
13 **vided in ORS 314.415.**

14 **“(b) If the amount allowable as a credit under section 2 of this 2026**
15 **Act, after any reduction applicable under subsection (2) of this section,**
16 **when added to the sum of the amounts allowable as payment of tax**
17 **under ORS 316.187 or 316.583, other tax prepayment amounts and other**
18 **refundable credit amounts, exceeds the taxes imposed by ORS chapters**
19 **314 and 316 for the tax year after application of any nonrefundable**
20 **credits allowable for purposes of ORS chapter 316 for the tax year, the**
21 **amount of the excess shall be refunded to the taxpayer as provided in**
22 **ORS 316.502.**

23 **“(2) If the taxpayer employs, in Oregon:**

24 **“(a) Fewer than 150 employees at the close of the tax year, the**
25 **amount of credit used in the calculation in subsection (1) of this sec-**
26 **tion shall be reduced by 25 percent.**

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

30 **“(c) At least 500 employees at the close of the tax year, the amount**

1 of credit used in the calculation in subsection (1) of this section shall
2 be reduced by 75 percent.

3 “(3) Any amount not available for refund due to subsection (2) of
4 this section may be carried forward as provided in section 2 (11) of this
5 2026 Act.

6 **“SECTION 4. (1) A taxpayer seeking to claim the credit provided**
7 **under section 2 of this 2026 Act shall file for each tax year a written**
8 **application for certification with the Oregon Business Development**
9 **Department. The application must include:**

10 “(a) A description of how the taxpayer meets the definition of a
11 qualified advanced manufacturing company under section 2 of this 2026
12 Act;

13 “(b) A description of how proposed research and development ac-
14 tivities for which the taxpayer seeks a tax credit under section 2 of
15 this 2026 Act will support the taxpayer in conducting a business or
16 trade directly related to advanced manufacturing; and

17 “(c) Any other information that is required by the department by
18 rule.

19 “(2) An application for certification under this section must be ac-
20 companied by a payment of any fee established by the department by
21 rule under subsection (4) of this section.

22 “(3) After considering timely filed and complete applications, along
23 with amounts available under section 5 of this 2026 Act, the depart-
24 ment shall, if the department deems appropriate, issue a certification
25 to an applicant taxpayer if the department determines that the tax-
26 payer is a qualified advanced manufacturing company as defined under
27 section 2 of this 2026 Act, and if the taxpayer attests that the proposed
28 research and development activities for which the taxpayer seeks the
29 credit under section 2 of this 2026 Act will support the taxpayer in
30 conducting a trade or business directly related to advanced manufac-

1 turing. If a pending request cannot be fully certified because of the
2 limitation in section 5 of this 2026 Act, the department shall certify the
3 portion that may be certified unless the qualified advanced manufac-
4 turing company elects to withdraw its request rather than receive
5 partial credit.

6 “(4) The department shall establish by rule a fee for filing a written
7 application for certification under this section. The fee shall be ade-
8 quate to recover the costs incurred by the department in reviewing the
9 applications under this section.

10 “(5) Information submitted to the department under this section is
11 exempt from public disclosure under ORS 192.311 to 192.478 and must
12 be treated as confidential.

13 **“SECTION 5. The total amount of potential tax credits for all**
14 **qualified advanced manufacturing companies in this state may not,**
15 **at the time of certification under section 4 of this 2026 Act, exceed:**

16 “(1) \$50 million for each biennium beginning on or after July 1, 2025,
17 and on or before July 1, 2027; and

18 “(2) \$50 million for the fiscal year beginning July 1, 2029.

19 **“SECTION 6.** ORS 315.519 is amended to read:

20 “315.519. (1)(a) If the amount allowable as a credit under ORS 315.518,
21 after any reduction applicable under subsection (2) of this section, when
22 added to the sum of the amount of estimated tax paid under ORS 314.515 and
23 any other tax prepayment amounts, exceeds the taxes imposed by ORS
24 chapters 314 and 317 for the tax year after application of any nonrefundable
25 credits allowable for purposes of ORS chapter 317 for the tax year, the
26 amount of the excess determined under this subsection shall be refunded to
27 the taxpayer as provided in ORS 314.415.

28 “(b) If the amount allowable as a credit under ORS 315.518, after any re-
29 duction applicable under subsection (2) of this section, when added to the
30 sum of the amounts allowable as payment of tax under ORS 316.187 or

1 316.583, other tax prepayment amounts and other refundable credit amounts,
2 exceeds the taxes imposed by ORS chapters 314 and 316 for the tax year after
3 application of any nonrefundable credits allowable for purposes of ORS
4 chapter 316 for the tax year, the amount of the excess shall be refunded to
5 the taxpayer as provided in ORS 316.502.

6 “(2) If the taxpayer employs, in Oregon:

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

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

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

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

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

20 “**SECTION 7.** ORS 315.522 is amended to read:

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

25 “(a) A description of how the taxpayer meets the definition of a qualified
26 semiconductor company under ORS 315.518;

27 “(b) A description of how proposed research and development activities
28 for which the taxpayer seeks a tax credit under ORS 315.518 will support the
29 taxpayer in conducting a business or trade directly related to semiconduc-
30 tors; and

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

2 “(2) An application for certification under this section must be accompa-
3 nied by a payment of any fee established by the department by rule under
4 subsection (4) of this section.

5 “(3) After considering timely filed and complete applications, along with
6 amounts available under section 8, chapter 298, Oregon Laws 2023, the de-
7 partment shall, if the department deems appropriate, issue a certification to
8 an applicant taxpayer if the department determines that the taxpayer is a
9 qualified semiconductor company as [*that term is*] defined under ORS 315.518,
10 and if the taxpayer attests that the proposed research and development ac-
11 tivities for which the taxpayer seeks the credit under ORS 315.518 will sup-
12 port the taxpayer in conducting a trade or business directly related to
13 semiconductors. **If a pending request cannot be fully certified because**
14 **of the limitation in section 8, chapter 298, Oregon Laws 2023, the de-**
15 **partment shall certify the portion that may be certified unless the**
16 **qualified semiconductor company elects to withdraw its request rather**
17 **than receive partial credit.**

18 “(4) The department shall establish by rule a fee for filing a written ap-
19 plication for certification under this section. The fee shall be adequate to
20 recover the costs incurred by the department in reviewing the applications
21 under this section.

22 “(5) Information submitted to the department under this section or section
23 5, chapter 298, Oregon Laws 2023, is exempt from public disclosure under
24 ORS 192.311 to 192.478 and must be treated as confidential.

25 **“SECTION 8.** ORS 314.772 is amended to read:

26 “314.772. (1) Except as provided in ORS 314.766 (5)(b), the tax credits al-
27 lowed or allowable to a C corporation for purposes of ORS chapter 317 or
28 318 shall not be allowed to an S corporation. The business tax credits al-
29 lowed or allowable for purposes of ORS chapter 316 shall be allowed or are
30 allowable to the shareholders of the S corporation.

1 “(2) In determining the tax imposed under ORS chapter 316, as provided
2 under ORS 314.763, on income of the shareholder of an S corporation, there
3 shall be taken into account the shareholder’s pro rata share of business tax
4 credit (or item thereof) that would be allowed to the corporation (but for
5 subsection (1) of this section) or recapture or recovery thereof. The credit (or
6 item thereof), recapture or recovery shall be passed through to shareholders
7 in pro rata shares as determined in the manner prescribed under section
8 1377(a) of the Internal Revenue Code.

9 “(3) The character of any item included in a shareholder’s pro rata share
10 under subsection (2) of this section shall be determined as if such item were
11 realized directly from the source from which realized by the corporation, or
12 incurred in the same manner as incurred by the corporation.

13 “(4) If the shareholder is a nonresident and there is a requirement appli-
14 cable for the business tax credit that in the case of a nonresident the credit
15 be allowed in the proportion provided in ORS 316.117, then that provision
16 shall apply to the nonresident shareholder.

17 “(5) As used in this section, ‘business tax credit’ means the following
18 credits: ORS 315.104 (forestation and reforestation), ORS 315.124 (small forest
19 option), ORS 315.133 (agricultural overtime pay), ORS 315.138 (fish screening,
20 by-pass devices, fishways), ORS 315.141 (biomass production for biofuel), ORS
21 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture workforce
22 housing), ORS 315.176 (bovine manure), ORS 315.204 (dependent care assist-
23 ance), ORS 315.208 (dependent care facilities), ORS 315.213 (contributions for
24 child care), ORS 315.237 (employee and dependent scholarships), ORS 315.271
25 (individual development accounts), ORS 315.283 (affordable housing sales),
26 ORS 315.304 (pollution control facility), ORS 315.326 (renewable energy de-
27 velopment contributions), ORS 315.331 (energy conservation projects), ORS
28 315.336 (transportation projects), ORS 315.341 (renewable energy resource
29 equipment manufacturing facilities), ORS 315.354 and 469B.151 (energy con-
30 servation facilities), ORS 315.506 (tribal taxes on reservation enterprise zones

1 and reservation partnership zones), ORS 315.507 (electronic commerce), ORS
2 315.514 (film production development contributions), ORS 315.518 (semicon-
3 ductors), ORS 315.523 (employee training programs), ORS 315.533 (low income
4 community jobs initiative), ORS 315.593 (short line railroads), ORS 315.640
5 (university venture development funds), ORS 315.643 (Opportunity Grant
6 Fund contributions), ORS 315.675 (Trust for Cultural Development Account
7 contributions), ORS 317.097 (loans for affordable housing), ORS 317.124 (long
8 term enterprise zone facilities) and ORS 317.147 (loans for agriculture
9 workforce housing) and section 9, chapter 774, Oregon Laws 2013 (alternative
10 fuel vehicle contributions), **and section 2 of this 2026 Act (advanced
11 manufacturing).**

12 **“SECTION 9.** Section 12, chapter 298, Oregon Laws 2023, is amended to
13 read:

14 **“Sec. 12.** [*Sections 2 to 5 of this 2023 Act*] **ORS 315.518 to 315.522 and**
15 **section 5, chapter 298, Oregon Laws 2023,** apply to tax years beginning
16 on or after January 1, 2024, and before January 1, [2030] **2031.**

17 **“SECTION 10. (1) Sections 2 to 4 of this 2026 Act apply to tax years**
18 **beginning on or after January 1, 2027, and before January 1, 2031.**

19 **“(2) The amendments to ORS 315.519 and 315.522 by sections 6 and**
20 **7 of this 2026 Act apply to tax years beginning on or after January 1,**
21 **2027.**

22 **“SECTION 11. As used in sections 11 to 15 of this 2026 Act:**

23 **“(1)(a) ‘Advanced manufacturing’ means activities that:**

24 **“(A) Depend on the use and coordination of information, auto-**
25 **mation, computation, software, industrial sensors and networking;**

26 **“(B) Make use of newly developed materials and processes enabled**
27 **by the physical and biological sciences, including but not limited to**
28 **nanotechnology, chemistry and biology;**

29 **“(C) Involve both new ways to manufacture existing products and**
30 **the manufacture of new products emerging from new advanced tech-**

1 **nologies; or**

2 **“(D) As applied to biotechnology and life sciences activities, are**
3 **related research, development, scale-up and enabling technology ac-**
4 **tivities integral to the production of biological, medical or biobased**
5 **products.**

6 **“(b) ‘Advanced manufacturing’ does not include activities that are**
7 **primarily:**

8 **“(A) Routine assembly, packaging, labeling, sorting, warehousing,**
9 **storage or distribution;**

10 **“(B) Basic fabrication, machining or processing that does not in-**
11 **corporate advanced technologies or materially transform products or**
12 **production processes;**

13 **“(C) Maintenance, repair or refurbishment of machinery, equipment**
14 **or products; or**

15 **“(D) Administrative, clerical, sales, marketing or other nonprod-**
16 **uction activities.**

17 **“(2) ‘Machinery and equipment’ means both real property and per-**
18 **sonal property machinery and equipment.**

19 **“(3) ‘Placed in service’ means, with respect to machinery and**
20 **equipment, first used for its intended commercial use, or first readily**
21 **available and operational for such use, after the date on which it was**
22 **acquired or updated.**

23 **“SECTION 12. (1)(a) The governing body of a city or county may**
24 **establish by ordinance or resolution a property tax exemption for**
25 **newly acquired or newly updated machinery and equipment used by**
26 **an advanced manufacturing business exclusively within the boundaries**
27 **of the city or the unincorporated areas of the county, respectively, for**
28 **the primary purpose of advanced manufacturing.**

29 **“(b) Newly acquired machinery and equipment may be new or used**
30 **at the time of acquisition.**

1 “(c) Machinery and equipment shall not be considered newly up-
2 dated on the basis of having been rehabilitated or reconditioned or
3 having received ongoing maintenance or repair.

4 “(2)(a) To be eligible for an exemption under an ordinance or re-
5 solution adopted under subsection (1) of this section, machinery and
6 equipment:

7 “(A) Must be a capital asset;

8 “(B) Must be first acquired or leased by the business claiming the
9 exemption not more than two years prior to being placed in service;

10 “(C) Must be placed in service on or after January 1, 2026; and

11 “(D) May not have previously been subject to ad valorem property
12 taxation in Oregon.

13 “(b) Machinery and equipment that is leased is eligible for the ex-
14 emption only if the lessee is responsible under the lease for paying
15 property taxes on the machinery and equipment.

16 “(3) An ordinance or resolution adopted under this section shall
17 specify the period, not to exceed five consecutive property tax years,
18 for which the exemption may be granted.

19 “(4) The city or county may adopt any other provisions related to
20 the property tax exemption that do not conflict with the requirements
21 of sections 11 to 15 of this 2026 Act.

22 “(5)(a) The city or county may amend or repeal an ordinance or
23 resolution adopted under this section at any time.

24 “(b) Notwithstanding paragraph (a) of this subsection, machinery
25 and equipment that is receiving an exemption under sections 11 to 15
26 of this 2026 Act when the amendment or repeal becomes effective shall
27 continue to receive the exemption pursuant to the provisions of the
28 ordinance or resolution in effect when the machinery and equipment
29 was initially granted the exemption.

30 “SECTION 13. (1) The Department of Revenue shall prescribe an

1 application form for purposes of this section and may adopt other
2 rules to implement this section.

3 “(2)(a) An advanced manufacturing business seeking exemption for
4 machinery and equipment under sections 11 to 15 of this 2026 Act must
5 apply on or before March 1 of the first assessment year for which an
6 exemption is sought to the assessor of the county in which the ma-
7 chinery and equipment will be used.

8 “(b) The application must include information and documents in-
9 cluding but not limited to a schedule of the machinery and equipment
10 for which the exemption is claimed, certification of eligibility of the
11 machinery and equipment obtained in accordance with section 14 of
12 this 2026 Act and any other information or documents the department
13 considers necessary or convenient for determining the eligibility of the
14 machinery and equipment.

15 “(3) Notwithstanding subsection (2) of this section, the assessor may
16 approve an application filed after March 1 and on or before December
17 31 of the assessment year if accompanied by a late filing fee equal to
18 the greater of \$200 or one-tenth of one percent of the real market
19 value of the machinery and equipment.

20 “(4) The assessor shall exclude from the exemption any machinery
21 and equipment included in an application that does not satisfy the el-
22 igibility requirements for the exemption.

23 “(5)(a) An assessor may charge the applicant a fee in an amount
24 equal to the actual administrative costs incurred by the county in re-
25 viewing applications and monitoring, auditing and enforcing an ex-
26 emption granted under sections 11 to 15 of this 2026 Act.

27 “(b) Administrative costs may include, but are not limited to:

28 “(A) Application review and eligibility verification;

29 “(B) On-site inspections;

30 “(C) Ongoing compliance monitoring; and

1 **“(D) Recapture or disqualification determinations.**

2 **“(c) A fee imposed under this subsection shall be due at a time**
3 **specified by the assessor.**

4 **“SECTION 14. (1)(a) To determine the eligibility of machinery and**
5 **equipment included in an application for exemption under sections 11**
6 **to 15 of this 2026 Act, the assessor of the county in which the ma-**
7 **chinery and equipment is located shall forward the application to the**
8 **governing body of the city or county that adopted the exemption under**
9 **section 12 of this 2026 Act.**

10 **“(b) Eligibility shall be determined in accordance with the standards**
11 **established under sections 11 to 15 of this 2026 Act and the ordinance**
12 **or resolution adopted by a city or county under section 12 of this 2026**
13 **Act.**

14 **“(2)(a) As soon as practicable after receipt of the application, the**
15 **city or county may request entry to any site or premises at which**
16 **machinery and equipment included in the application is located in or-**
17 **der to inspect the property and examine any papers or records related**
18 **to the determination of eligibility.**

19 **“(b) The request must be for entry during regular business hours**
20 **at the applicant’s place of business in the county or at another place**
21 **convenient to the parties.**

22 **“(c) If the applicant does not permit entry, the application shall be**
23 **denied.**

24 **“(3) The city or county shall certify to the assessor the machinery**
25 **and equipment that is eligible for the exemption and explain why any**
26 **other machinery and equipment is not eligible.**

27 **“SECTION 15. (1) An exemption under sections 11 to 15 of this 2026**
28 **Act applies only for the period during which the machinery and**
29 **equipment remains in service for uses for which the exemption may**
30 **be granted.**

1 “(2) An advanced manufacturing business must notify the assessor
2 of the county in which the machinery and equipment is used as soon
3 as practicable after the earlier of the date on which the exempt ma-
4 chinery and equipment is removed from service or reaches the end of
5 the term for which the exemption was granted.

6 “(3) When the machinery and equipment is disqualified under sub-
7 section (2) of this section, the machinery and equipment shall, as of
8 the property tax year next following the property tax year in which
9 disqualifying circumstance occurred:

10 “(a) Be valued under ORS 308.232 at its real market value as defined
11 by law; and

12 “(b) Be assessed at its assessed value under ORS 308.146 or as oth-
13 erwise provided by law.

14 “**SECTION 16.** ORS 285B.626 is amended to read:

15 “285B.626. As used in ORS 285B.625 to 285B.632:

16 “(1)(a) ‘Eligible employer’ means an employer that[:]

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

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

22 “(A) **Be conducting business at a site where, together with all other**
23 **eligible employers conducting business at the same site, the cumula-**
24 **tive average annual employment has increased** by at least 25 jobs **after**
25 **designation as a regionally significant industrial site; and**

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

28 “[(B)] (c) With respect to [*the*] **an** employer’s establishment at an urban
29 **regionally significant industrial site, [*has increased*] the employer must:**

30 “(A) **Be conducting business at a site where, together with all other**

1 **eligible employers conducting business at the same site, the cumula-**
2 **tive average annual employment has increased** by at least 50 jobs **after**
3 **designation as a regionally significant industrial site; and**

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

6 “(2) ‘Estimated incremental income tax revenues’ means the Oregon per-
7 sonal income tax revenues that are equivalent to the amount of tax that
8 employees of an eligible employer who are hired by the eligible employer on
9 a designated regionally significant industrial site have paid under ORS
10 chapter 316 in the tax years following the first tax year in which the eligible
11 employer begins conducting a traded sector business on the designated re-
12 gionally significant industrial site.

13 “(3) ‘Industrial use’ means employment activities, including but not lim-
14 ited to manufacturing, assembly, fabrication, processing, storage, logistics,
15 warehousing, importation, distribution, transshipment and research and de-
16 velopment, that generate income from the production, handling or distrib-
17 ution 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 in-
20 vesting in preparation of the site for industrial use by a third party; or

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

24 “(5) ‘Regionally significant industrial site’ means a site planned and zoned
25 for industrial use that:

26 “(a)(A) Is suitable for the location of new industrial uses or the expansion
27 of existing industrial uses and that can provide significant additional em-
28 ployment in the region;

29 “(B) Has site characteristics that provide significant competitive advan-
30 tages that are difficult or impossible to replicate in the region; and

1 “(C) Has superior access to transportation and freight infrastructure, in-
2 cluding but not limited to rail, port, airport, multimodal freight or trans-
3 shipment facilities and other major transportation facilities or routes; or

4 “(b) Is located in an area designated by Metro, as defined in ORS 197.015,
5 as a regionally significant industrial area.

6 “(6) ‘Rural site’ means a regionally significant industrial site located in
7 an area outside of a metropolitan statistical area, as defined by the most
8 recent federal decennial census.

9 “(7) ‘Traded sector’ has the meaning given that term in ORS 285A.010.

10 “(8) ‘Urban site’ means a regionally significant industrial site located in
11 a metropolitan statistical area, as defined by the most recent federal
12 decennial census, that is located inside a regional or metropolitan urban
13 growth boundary.

14 “(9) ‘Wage’ has the meaning given that term pursuant to rules adopted
15 by the Oregon Business Development Department.

16 **“SECTION 17. Section 18 of this 2026 Act is added to and made a
17 part of ORS chapter 183.**

18 **“SECTION 18. (1) As used in this section:**

19 **“(a) ‘Agency’ means:**

20 **“(A) The Department of Transportation.**

21 **“(B) The Department of Land Conservation and Development.**

22 **“(C) The State Department of Energy.**

23 **“(D) The Department of State Lands.**

24 **“(E) The Department of Environmental Quality.**

25 **“(F) The Water Resources Department.**

26 **“(G) The State Department of Agriculture.**

27 **“(b) ‘Permit’ has the meaning given that term in ORS 183.700.**

28 **“(2) Not later than 120 days after the effective date of this 2026 Act,
29 an agency shall publish a catalog of permits issued by the agency that
30 are related to or have an impact on economic development projects.**

1 **For each permit issued by the agency that is related to or has an im-**
2 **act on economic development projects, the catalog must include:**

3 **“(a) A description of the permit.**

4 **“(b) The duration of the permit.**

5 **“(c) The statutory authority, regulatory authority or other author-**
6 **ity for issuing the permit.**

7 **“(d) The method by which the agency receives applications for the**
8 **permit and, if readily available, the date on which the method was last**
9 **significantly updated.**

10 **“(e) Any statutory, regulatory or other authority governing the**
11 **time within which the agency must process applications for the per-**
12 **mit.**

13 **“(f) The application fee for the permit, the statutory, regulatory or**
14 **other authority for the application fee and when the amount of the**
15 **application fee was last changed.**

16 **“(g) An analysis identifying opportunities to streamline the ap-**
17 **proval process for the permit, eliminate any unnecessary steps or**
18 **barriers, reduce the incidence of incomplete applications and eliminate**
19 **any obsolete or unnecessary approval processes.**

20 **“(h) The approximate number of applications for the permit cur-**
21 **rently pending at the agency and a statement of whether a backlog**
22 **exists.**

23 **“(3) Not later than 120 days after the effective date of this 2026 Act,**
24 **an agency shall report to an appropriate committee or interim com-**
25 **mittee of the Legislative Assembly on:**

26 **“(a) Permitting programs in the agency that are not meeting rea-**
27 **sonable processing timelines.**

28 **“(b) Opportunities to streamline and improve permit processing and**
29 **meet reasonable processing timelines.**

30 **“(c) Suggestions obtained from consultation with permit applicants**

1 **on permit processing.**

2 **“(d) Opportunities to provide fee relief for delayed permit process-**
3 **ing.**

4 **“SECTION 19. Section 18 of this 2026 Act is repealed on January 2,**
5 **2027.**

6 **“SECTION 20. ORS 197A.250 is amended to read:**

7 “197A.250. (1) For purposes of land use planning in Oregon, the Legisla-
8 tive Assembly designates the land in Washington County that was designated
9 as rural reserve in Metro Resolution No. 11-4245, adopted on March 15, 2011,
10 as the acknowledged rural reserve in Washington County, except that:

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

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

18 “(B) A tract of land being in the north one-half of section 18, township
19 2 south, range 1 west, Willamette Meridian, Washington County Oregon, and
20 being more particularly described as follows: Beginning at the northeast
21 corner of that tract of land conveyed to John Lasich, et ux, by deed recorded
22 October 22, 1931, in Book 148, page 116, of the Washington County Deed
23 Records; thence westerly along the north line said tract 1444.2 feet, more or
24 less, to the southwest corner of that property described in Deed Document
25 No. 81038291 of the Washington County Book of Records; thence southerly
26 and perpendicular to said north line, 50.00 feet; thence easterly on a line
27 being parallel with and 50.00 feet southerly of said north line 1444.2 feet,
28 more or less, to the east line of said Lasich tract; thence northerly 50.00 feet
29 to the point of beginning.

30 “(b) The Legislative Assembly designates as acknowledged urban reserve

1 the real property that is part of the original plat of Bendemeer, Washington
2 County, Oregon, more particularly described as:

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

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

7 “(C) The real property that is more particularly described as: Beginning
8 at a point of origin that is the south bank of Holcomb Creek and the west
9 boundary of the right of way of Northwest Cornelius Pass Road; thence
10 easterly along the south bank of Holcomb Creek, continuing along the south
11 bank of Holcomb Lake to its intersection with the west boundary of Area
12 8C; thence southerly along the west boundary of Area 8C to its intersection
13 with the north boundary of the right of way of Northwest West Union Road;
14 thence westerly along the right of way to its intersection with the west
15 boundary of the right of way of Northwest Cornelius Pass Road; thence
16 northerly along the right of way to the point of origin;

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

19 “(E) The portion of Northwest West Union Road and its right of way from
20 the intersection of the road with the west boundary of Area 8C to the
21 intersection of the road with the west boundary of the right of way of
22 Northwest Bendemeer Road on Metro’s map denominated as the ‘Urban and
23 Rural Reserves in Washington County, Attachment A to Staff Report for
24 Resolution No. 11-4245 (03/17/11 DRAFT)’; and

25 “(F) The real property that is more particularly described as tax lot 400
26 in section 14D of township 1 north, range 2 west, Willamette Meridian.

27 “(2) For purposes of land use planning in Oregon, the Legislative Assem-
28 bly designates the land in Washington County that was designated as urban
29 reserve in Metro Resolution No. 11-4245, adopted on March 15, 2011, as the
30 acknowledged urban reserve in Washington County, except that:

1 “(a)(A) The real property in Area 8A on Metro’s map denominated as the
2 ‘Urban and Rural Reserves in Washington County, Attachment A to Staff
3 Report for Resolution No. 11-4245 (03/17/11 DRAFT),’ east of the [*east*] **west**
4 boundary of the right of way of Northwest Jackson School Road [*and east*
5 *of the east bank of Storey Creek and the east bank of Waibel Creek*] **including**
6 **the real property south of the northern boundary of the right of way**
7 **of Highway 26 on the northern edge of Area 8A** is included within the
8 acknowledged **Metro** urban growth boundary.

9 **(B) Notwithstanding subparagraph (A) of this paragraph, the real**
10 **property within the easternmost portion of Area 8A that is directly**
11 **east of the property added to the urban growth boundary by Metro**
12 **Ordinance No. 11-1264B is designated as acknowledged urban reserve.**

13 “(b) The real property in Area 8A on Metro’s map denominated as the
14 ‘Urban and Rural Reserves in Washington County, Attachment A to Staff
15 Report for Resolution No. 11-4245 (03/17/11 DRAFT),’ that is south of the
16 south boundary of the right of way of Highway 26 and west of the real
17 property described in paragraph (a) of this subsection is designated as ac-
18 knowledged [*rural*] **urban** reserve.

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

26 “(d) The real property in Area 8B on Metro’s map denominated as the
27 ‘Urban and Rural Reserves in Washington County, Attachment A to Staff
28 Report for Resolution No. 11-4245 (03/17/11 DRAFT),’ that is not described
29 in paragraph (c) of this subsection is designated as acknowledged rural re-
30 serve.

1 “(e) The real property in Area 7B on Metro’s map denominated as the
2 ‘Urban and Rural Reserves in Washington County, Attachment A to Staff
3 Report for Resolution No. 11-4245 (03/17/11 DRAFT),’ that is north of the
4 south bank of Council Creek is designated as acknowledged rural reserve.

5 “(f) The real property in Area 7B on Metro’s map denominated as the
6 ‘Urban and Rural Reserves in Washington County, Attachment A to Staff
7 Report for Resolution No. 11-4245 (03/17/11 DRAFT),’ that is south of the
8 south bank of Council Creek is included within the acknowledged **Metro**
9 urban growth boundary.

10 “(3) For purposes of land use planning in Oregon, in relation to the fol-
11 lowing real property in Washington County that is not reserved by desig-
12 nation in Metro Resolution No. 11-4245, adopted on March 15, 2011, the
13 Legislative Assembly designates:

14 “(a) As acknowledged rural reserve the real property that is situated
15 south of the City of North Plains on Metro’s map denominated as the ‘Urban
16 and Rural Reserves in Washington County, Attachment A to Staff Report for
17 Resolution No. 11-4245 (03/17/11 DRAFT),’ more particularly described as tax
18 lots 100, 101, 200 and 201 in section 11 of township 1 north, range 3 west,
19 Willamette Meridian, tax lots 1800 and 2000 and that portion of tax lot 3900
20 that is north of the south line of the Dobbins Donation Land Claim No. 47
21 in section 12 of township 1 north, range 3 west, Willamette Meridian, and
22 the portion of Northwest Gordon Road and its right of way from the south
23 boundary of the right of way of Northwest Beach Road to the south bound-
24 ary of tax lot 200 in section 11 of township 1 north, range 3 west, Willamette
25 Meridian.

26 “(b) As acknowledged rural reserve the real property that is situated
27 north of the City of Cornelius on Metro’s map denominated as the ‘Urban
28 and Rural Reserves in Washington County, Attachment A to Staff Report for
29 Resolution No. 11-4245 (03/17/11 DRAFT),’ and that is north of the south
30 bank of Council Creek, east of the east right of way of Northwest

1 Cornelius-Schefflin Road and west of the west bank of Dairy Creek.

2 “(c) As acknowledged rural reserve the real property that is north of the
3 City of Forest Grove on Metro’s map denominated as the ‘Urban and Rural
4 Reserves in Washington County, Attachment A to Staff Report for Resol-
5 ution No. 11-4245 (03/17/11 DRAFT),’ more particularly described as east of
6 Area 7B, west of the east right of way of Highway 47 and south of the north
7 right of way of Northwest Purdin Road.

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

12 “(4) Land in a county in Metro that is planned and zoned for farm, forest
13 or mixed farm and forest use and that is not designated as urban reserve
14 may not be included within the urban growth boundary of Metro before at
15 least 75 percent of the land in the county that was designated urban reserve
16 in this section has been included within the urban growth boundary and
17 planned and zoned for urban uses.

18 “(5) The real property described in subsection (2)(a) of this section **within**
19 **the urban growth boundary**, except for the land **north of Storey Creek**
20 **and the land** denominated as ‘UGB 2014’ on the Metro Map titled ‘HB 4078
21 Reserves and Urban Growth Boundary Washington County Area - Attach-
22 ment 1 (June 2014)’ and that is south of [*Northwest Sunset Highway*] **the**
23 **north boundary of the right of way of Highway 26** and north of North-
24 west Evergreen Road:

25 “(a) Is employment land of state significance; and

26 “(b) Must be planned and zoned for employment use.

27 “(6) **The real property described in subsection (2)(a) of this section**
28 **within the urban growth boundary north of Storey Creek:**

29 “(a) **Must be planned and zoned for industrial use, including:**

30 “(A) **High-technology and advanced manufacturing and production,**

1 **including research and development;**

2 **“(B) Uses that support high-technology and advanced manufactur-**
3 **ing, research and development; and**

4 **“(C) Commercial uses that are accessory to and support high-**
5 **technology and advanced manufacturing.**

6 **“(b) May not be zoned for or developed:**

7 **“(A) As a data storage, processing or information center except as**
8 **an accessory to or part of a use described in paragraph (a) of this**
9 **subsection;**

10 **“(B) For commercial uses, including lodging, recreation, eating and**
11 **drinking establishments, retail products and services, or office, self-**
12 **service storage, truck stops or vehicle service facilities; or**

13 **“(C) Retail or wholesale warehousing facilities for consumer goods.**

14 **“[(6)] (7) If the real property described in subsection (2)(f) of this section**
15 **or ORS 197A.358 (1) to (3) is planned and zoned for employment use, in its**
16 **first legislative review of the urban growth boundary on or after April 1,**
17 **2014, Metro shall not count the employment capacity of the real property**
18 **described in subsection (2)(f) of this section or in ORS 197A.358 (1) to (3) in**
19 **determining the employment capacity of the land within Metro.**

20 **“SECTION 21. (1) Notwithstanding ORS chapter 197 or 197A, ORS**
21 **215.431 or 227.188, any statewide land use planning goals or adminis-**
22 **trative rules that implement the goals, not later than six months fol-**
23 **lowing the effective date of this 2026 Act:**

24 **“(a) The City of Hillsboro shall amend its comprehensive plan and**
25 **land use regulations to allow for the use of the land described in ORS**
26 **197A.250 (2)(a) within the Metro urban growth boundary for the uses**
27 **described in ORS 197A.250 (6).**

28 **“(b) Washington County may amend its comprehensive plan and**
29 **land use regulations to provide for the urban reserve designation of**
30 **the land described in ORS 197A.250 (2)(b).**

1 “(2) Amendments made under this section are deemed acknowl-
2 edged under ORS 197.251 upon adoption by the city or county, provided
3 that:

4 “(a) Each amendment is adopted by an ordinance or resolution of
5 the governing body of the city or county after a public hearing; and

6 “(b) A copy of the ordinance or resolution is delivered to the Land
7 Conservation and Development Commission within 14 days after
8 adoption.

9 “(3) Notwithstanding the inclusion of land within an urban growth
10 boundary under ORS 197A.250 (2)(a), Washington County is not re-
11 quired to amend its comprehensive plan or apply an urban zoning
12 designation to the land prior to annexation of the land by the City of
13 Hillsboro. Until the land is annexed and rezoned by the city, the
14 county may continue to apply its existing comprehensive plan desig-
15 nation and land use regulations and is not required to take any addi-
16 tional land use action with respect to the land.

17 “SECTION 22. This 2026 Act takes effect on the 91st day after the
18 date on which the 2026 regular session of the Eighty-third Legislative
19 Assembly adjourns sine die.”.

20
