

# Senate Bill 1532

Sponsored by Senator STEINER HAYWARD, Representative DAVIS, Senator DEVLIN; Senators BEYER, ROBLAN, STARR, Representative BARKER (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**.

For purposes of transfer to Shared Services Fund, requires Oregon Department of Administrative Services to state separately personal income tax revenue attributable to new jobs and retained jobs. Modifies transfer to amount equal to 50 percent of amount attributable to new jobs and 40 percent of amount attributable to retained jobs for projects located in county for which total amount attributable to new and retained jobs exceeds \$5 million.

Requires Department of Revenue to transfer five percent of total annual amount of personal income tax revenue attributable to eligible projects to Local Economic Opportunity Fund. Continuously appropriates transferred moneys and interest on transferred moneys in fund to Oregon Business Development Department for grant program to support economic development in fiscally distressed counties.

Extends sunset of shared services transfer statutes. Clarifies that statute requiring transfers applies to income taxes attributable to eligible project approved for exemption before sunset date for length of exemption.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to strategic investment; creating new provisions; amending ORS 285B.260, 285C.615,  
3 285C.635 and 285C.639 and section 6, chapter 905, Oregon Laws 2007; and prescribing an effec-  
4 tive date.

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

6 **SECTION 1.** ORS 285C.615 is amended to read:

7 285C.615. (1) On or before April 1 following each tax year that property is exempt under ORS  
8 307.123, the business firm that owns or leases the exempt property shall submit a report to the  
9 Oregon Business Development Department, in addition to any other reporting or filing requirement.

10 (2) The report shall be in a form prescribed by the Oregon Business Development Department  
11 and shall include:

12 (a) The assessed value and location of taxable and exempt property constituting the eligible  
13 project and the corresponding payment and savings of property taxes for the tax year, as ascer-  
14 tained from the county assessor;

15 (b) The amount and disposition of fees and other amounts paid by the business firm pursuant to  
16 the agreement with the county under ORS 285C.609 in the immediately preceding calendar year;

17 (c) The average number of persons hired or employed by the business firm in association with  
18 the eligible project, determined by dividing the total number of hours for which such hired or em-  
19 ployed persons were paid during the immediate prior calendar year by 2,080;

20 (d) The annual amount of taxable income and total compensation paid to employees as described  
21 in paragraph (c) of this subsection;

22 (e) Numbers and amounts as described in paragraphs (c) and (d) of this subsection for jobs re-  
23 tained, **within the meaning of rules adopted by the department**, in direct relation to the eligible  
24 project; and

**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 (f) Any other information required by the department.

2 (3) If a business firm fails to provide a report required under this section or to verify informa-  
3 tion as requested by the Oregon Business Development Department, the Oregon Business Develop-  
4 ment Commission, upon recommendation by the department, may suspend the determination of the  
5 commission that the project receive the tax exemption provided for in ORS 307.123. If the commis-  
6 sion suspends the determination of eligibility under this subsection, the exemption is revoked as  
7 provided in ORS 307.123 (6), until the department receives the report. Upon receipt of a report re-  
8 quired under this section or the information requested by the department, the department shall no-  
9 tify the commission and the commission shall rescind the suspension.

10 (4) Information collected under this section may be used by the Oregon Business Development  
11 Department to make aggregate figures and analyses of activity under the strategic investment pro-  
12 gram publicly available.

13 (5) Specific data concerning the financial performance of individual firms collected under this  
14 section is exempt from public disclosure under ORS chapter 192.

15 (6) After receiving the reports required under this section, the Oregon Business Development  
16 Department shall compile and organize the reported information for purposes of ORS 285C.635 and  
17 transmit it to the Oregon Department of Administrative Services. The Oregon Business Develop-  
18 ment Department shall transmit the information not later than April 15.

19 (7) The Oregon Business Development Department shall adopt rules the department considers  
20 necessary to administer ORS 285C.600 to 285C.639.

21 **SECTION 2.** ORS 285C.635 is amended to read:

22 285C.635. (1)(a) Upon receipt of information compiled under ORS 285C.615, the Oregon Depart-  
23 ment of Administrative Services shall determine the annual amount of personal income tax revenue  
24 attributable to each eligible project for which an eligible business firm received a property tax ex-  
25 emption under ORS 307.123.

26 **(b) The amount of revenue determined under paragraph (a) of this subsection must be**  
27 **stated separately as personal income tax revenue attributable to jobs that are new jobs and**  
28 **to jobs that are retained jobs.**

29 (c) The amount of personal income tax revenue attributable to each eligible project under this  
30 subsection may not include personal income tax revenue attributable to the estimated incremental  
31 income tax revenues generated by an eligible employer in connection with a tax reimbursement ar-  
32 rangement or loan agreement that has been entered into under the Oregon Industrial Site Readiness  
33 Program established by ORS 285B.627.

34 (2) In determining the amount of personal income tax revenue attributable to each eligible  
35 project, the Oregon Department of Administrative Services may rely on reasonable techniques of  
36 estimation, if appropriate.

37 (3) Not later than May 15 of each fiscal year, the Oregon Department of Administrative Services  
38 shall certify the amounts determined under subsection (1) of this section to the Department of Re-  
39 venue, the Legislative Revenue Officer and the Legislative Fiscal Officer.

40 (4) Not sooner than July 10 and not later than July 15 of the following fiscal year, after re-  
41 ceiving the certification under subsection (3) of this section, the Department of Revenue shall  
42 transfer:

43 **(a) To the Local Economic Opportunity Fund created under ORS 285B.260, an amount**  
44 **equal to [50] five percent of the cumulative amount for all eligible projects determined under sub-**  
45 **section (1) of this section; and**

1 (b) To the Shared Services Fund established in ORS 285C.639, **an amount equal to:**

2 (A) **Fifty percent of the cumulative amount attributable to new jobs for all eligible**  
 3 **projects determined under subsection (1) of this section; and**

4 (B) **Forty percent of the cumulative amount attributable to retained jobs for all eligible**  
 5 **projects determined under subsection (1) of this section that are located in a county for**  
 6 **which the total amount described in subsection (1)(a) of this section exceeds \$5 million.**

7 (5) The Department of Revenue shall retain unreceipted revenue from the tax imposed under  
 8 ORS chapter 316 in an amount necessary to make the [*transfer*] **transfers** required under subsection  
 9 (4) of this section. The department shall make the [*transfer*] **transfers** out of the unreceipted re-  
 10 venue in lieu of paying the revenue over to the State Treasurer for deposit in the General Fund.

11 (6) The Oregon Department of Administrative Services shall adopt rules necessary to administer  
 12 this section.

13 **SECTION 3.** ORS 285C.639 is amended to read:

14 285C.639. (1) The Shared Services Fund is established in the State Treasury, separate and dis-  
 15 tinct from the General Fund. Interest earned by the Shared Services Fund shall be credited to the  
 16 fund. The fund shall consist of:

17 (a) Moneys transferred by the Department of Revenue to the fund under ORS 285C.635 [(4)]  
 18 **(4)(b); and**

19 (b) Interest earnings on moneys in the fund.

20 (2) All moneys in the Shared Services Fund are continuously appropriated to the Oregon De-  
 21 partment of Administrative Services for the purpose of making distributions described in subsection  
 22 (3) of this section.

23 (3) Not sooner than August 15 and not later than September 1 of the [*following*] fiscal year  
 24 **immediately following the fiscal year in which the certification under ORS 285C.635 (3) is**  
 25 **made**, the department shall distribute to counties for distribution to taxing districts the moneys  
 26 from the Shared Services Fund:

27 (a) In proportion to the amount of money transferred into the fund for each eligible project that  
 28 received a property tax exemption under ORS 307.123; and

29 (b) Consistent with the distribution of the community services fee under ORS 285C.609 for that  
 30 project.

31 (4) The department shall furnish the Oregon Business Development Commission with information  
 32 on the recipients of the distributions and the amounts distributed under this section, as requested  
 33 by the commission.

34 **SECTION 4.** ORS 285B.260 is amended to read:

35 285B.260. (1) There is created a Local Economic Opportunity Fund, separate and distinct from  
 36 the General Fund, to consist of:

37 (a) All moneys credited [*thereto*] **to the Local Economic Opportunity Fund**, including moneys  
 38 from the Administrative Services Economic Development Fund[.];

39 (b) **Moneys transferred to the Local Economic Opportunity Fund under ORS 285C.635**  
 40 **(4)(a); and**

41 (c) All interest earned on **moneys in** the Local Economic Opportunity Fund.

42 (2) **Moneys in** the **Local Economic Opportunity** Fund [*is*] **are** continuously appropriated to  
 43 the Oregon Business Development Department to be used for grants:

44 (a) **With respect to moneys described in subsection (1)(b) of this section, and interest**  
 45 **earned on those moneys, to support economic development in fiscally distressed counties;**

1 **and**

2 **(b) With respect to all other moneys in the fund, and interest earned on those moneys,**  
3 to implement ORS 280.518 and 285B.230 to 285B.266.

4 [(2)] **(3) The department may use moneys in the Local Economic Opportunity Fund to pay for**  
5 the administrative expenses of operating the *[local investment program under ORS 285B.230 to*  
6 *285B.266]* **grant programs under subsection (2) of this section.**

7 [(3)] **(4) The Local Economic Development Fund [shall] may not be used to retire any debt,**  
8 to reimburse any person or municipality for expenditures made or expenses incurred prior to the  
9 adoption of a local economic development strategy or to substitute for local government expen-  
10 ditures for existing and continuing public services. The department shall adopt rules to carry out  
11 the provisions of this subsection.

12 [(4)] **(5)(a) Grants described in subsection (2)(a) of this section shall be awarded as soon**  
13 **as practicable after September 1 of each year to eligible counties making application pursu-**  
14 **ant to rules adopted by the department in consultation with the office of the Governor.**

15 **(b) After consulting with representatives of communities or geographic areas, the department,**  
16 by rule, shall adopt standards, objectives and criteria for the use and distribution of moneys in the  
17 Local Economic Opportunity Fund **other than moneys described in subsection (1)(b) of this**  
18 **section and interest on those moneys.**

19 [(5)] **(6) The Local Economic Opportunity Fund is created to provide a flexible funding source**  
20 for financing those locally determined programs and projects that may not be eligible for financing  
21 through other state and federal funding sources.

22 **SECTION 5. The Legislative Assembly finds that:**

23 **(1) The State of Oregon has a compelling interest in promoting and stimulating economic**  
24 **development within this state.**

25 **(2) The state can better provide for the welfare of its residents by encouraging counties**  
26 **to enter into strategic investment program agreements so that businesses will make signif-**  
27 **icant capital investments within this state.**

28 **(3) Investments in the strategic investment program by businesses under agreements**  
29 **with counties create significant, long-term economic benefits and serve as a catalyst for**  
30 **additional economic expansion within this state.**

31 **(4) In consideration for local governments agreeing to support strategic investment pro-**  
32 **gram agreements and abating tax revenues, and to maintain business development incentives**  
33 **for local governments and support economic development opportunities in this state, the**  
34 **Legislative Assembly recognizes the importance of certainty in the formula for distributions**  
35 **to counties and other local governments from the Shared Services Fund under ORS 285C.639**  
36 **and supports maintaining a consistent formula for those distributions.**

37 **(5) It is in the best interest of the people of this state for local governments to share a**  
38 **portion of Shared Services Fund gain share distributions with local schools.**

39 **SECTION 6. Section 5 of this 2014 Act is repealed on January 2, 2019.**

40 **SECTION 7. Section 6, chapter 905, Oregon Laws 2007, is amended to read:**

41 **Sec. 6. (1) [Sections 2 and 3 of this 2007 Act] ORS 285C.615 and 285C.635 apply to:**

42 **(a) Tax years beginning on or after January 1, 2009[ and before January 1, 2019].**

43 [(2)] **(b) [Sections 2 and 3 of this 2007 Act apply only to] Income taxes [generated as the result**  
44 **of an eligible project that first becomes] attributable to eligible projects that first become exempt**  
45 **from property taxation under ORS 307.123 on or after January 1, 2008[ and].**

1       **(2) ORS 285C.615 and 285C.635** continue to apply [*only as long as the project remains exempt*]  
2 **to income taxes attributable to eligible projects described in subsection (1)(b) of this section**  
3 **as long as the projects remain exempt from property taxation under ORS 307.123.**

4       **(3) ORS 285C.615 and 285C.635** do not apply to income taxes attributable to eligible  
5 **projects that first become exempt from property taxation under ORS 307.123 on or after**  
6 **January 1, 2024.**

7       **SECTION 8.** The amendments to ORS 285B.260, 285C.615, 285C.635 and 285C.639 by  
8 sections 1 to 4 of this 2014 Act apply to tax years beginning on or after January 1, 2015.

9       **SECTION 9.** This 2014 Act takes effect on the 91st day after the date on which the 2014  
10 regular session of the Seventy-seventh Legislative Assembly adjourns sine die.  
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