

A-Engrossed
House Bill 2131

Ordered by the House April 6
Including House Amendments dated April 6

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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.

Revamps enterprise zone property tax exemption laws.
Applies to property tax years beginning on or after July 1, 2002.

A BILL FOR AN ACT

1
2 Relating to enterprise zones; creating new provisions; amending ORS 285B.650, 285B.653, 285B.656,
3 285B.662, 285B.668, 285B.671, 285B.674, 285B.677, 285B.680, 285B.683, 285B.686, 285B.689,
4 285B.692, 285B.695, 285B.698, 285B.701, 285B.704, 285B.705, 285B.707, 285B.710, 285B.713,
5 285B.719, 285B.722, 285B.728, 285B.731 and 311.370 and section 4, chapter 460, Oregon Laws
6 1999, and sections 3c and 4, chapter 1104, Oregon Laws 1999; and repealing ORS 285B.716,
7 285B.723 and 285B.725 and section 22, chapter 1015, Oregon Laws 1989, sections 31, 32, 33 and
8 44, chapter 835, Oregon Laws 1997, section 5, chapter 460, Oregon Laws 1999, and sections 20
9 and 26, chapter 1104, Oregon Laws 1999.

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

11
12 **DEFINITIONS**

13
14 **SECTION 1.** ORS 285B.650 is amended to read:

15 285B.650. As used in ORS 285B.650 to 285B.728, unless the context requires otherwise:

16 **(1) "Assessment date," "assessment year," "tax year" and "year" have the meanings**
17 **given those terms in ORS 308.007.**

18 **(2) "Authorized business firm" means an eligible business firm that has been authorized**
19 **under ORS 285B.719.**

20 *[(1)]* **(3) "Business firm" means a person operating or conducting one or more trades or busi-**
21 **nesses but does not include any governmental agency, municipal corporation or nonprofit corpo-**
22 **ration.**

23 *[(2)]* **(4) "Eligible business firm" means a firm engaged in an activity described under ORS**
24 **285B.707 [which may file an application for precertification under ORS 285B.719].**

25 *[(3)]* **(5) "Employee" means a person who works more than 32 hours per week, but does not in-**
26 **clude [persons] a person with a temporary or seasonal [jobs] job or [persons] a person hired solely**
27 **to construct qualified property.**

28 *[(4)]* **(6) "Enterprise zone" means one of the 30 areas designated or terminated and redesignated**

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 by order of the Governor under ORS 284.160 (1987 Replacement Part) before October 3, 1989, one
2 of the 17 areas designated by the Director of the Economic and Community Development Depart-
3 ment under ORS 285B.653, [*areas*] **an area** designated under ORS 285B.677 [*and areas*] **or an area**
4 designated under ORS 285B.689.

5 **(7) “Federal enterprise zone” means any discrete area wholly or partially within this**
6 **state that is designated as an empowerment zone, an enterprise community, a renewal**
7 **community or some similar designation for purposes of improving the economic and com-**
8 **munity development of the area.**

9 [(5)] **(8) “First-source hiring agreement” means an agreement between [*a precertified*] an au-**
10 **thorized business firm and a publicly funded job training provider whereby the job training provider**
11 **refers qualified candidates to the firm for new jobs and job openings in the firm.**

12 **(9) “In service” means being used or occupied or fully ready for use or occupancy in the**
13 **intended operations of the business firm described in an application for authorization.**

14 [(6)] **(10) “Modification” means modernization, renovation or remodeling of an existing building**
15 **or structure.**

16 **(11) “New employees hired by the firm”:**

17 **(a) Includes only those employees engaged for a majority of their time in eligible oper-**
18 **ations.**

19 **(b) Does not include individuals employed in a job or position that:**

20 **(A) Is filled after December 31 of the first tax year in which qualified property of the firm**
21 **is exempt under ORS 285B.698;**

22 **(B) Existed prior to the submission of the relevant application for authorization; or**

23 **(C) Is performed primarily at a location outside the enterprise zone.**

24 [(7)] **(12) “Nonurban enterprise zone” means an enterprise zone located outside a regional or**
25 **metropolitan urban growth boundary.**

26 [(8) *“Precertified business firm” means an eligible business firm whose application for precertif-*
27 *ication has been approved under ORS 285B.719 and which may apply for a property tax exemption*
28 *under ORS 285B.722.*]

29 [(9)] **(13) “Publicly funded job training provider” includes but is not limited to[, *community col-***
30 **leges, *Job Training Partnership Act service providers, and other similar programs*] a community**
31 **college, Workforce Investment Act service provider or similar program.**

32 [(10)] **(14) “Qualified business firm” means a business firm described in ORS 285B.704 whose**
33 **[*application for a property tax exemption has been approved under ORS 285B.722*] qualified property**
34 **is exempt from property tax under ORS 285B.698.**

35 [(11)] **(15) “Qualified property” means property described under ORS 285B.713.**

36 **(16) “Sparsely populated county” means a county with a density of 100 or fewer persons**
37 **per square mile, based on the most recently available population figure for the county from**
38 **the Portland State University Center for Population Research and Census.**

39 [(12)] **(17) “Sponsor” means the city or county that [*applied for and*] received approval [*of*] for**
40 **an enterprise zone under ORS 284.150 and 284.160 (1987 Replacement Part), under ORS [*285B.656***
41 ***and*] 285B.659, under ORS 285B.677 [*or 285B.686*] or under ORS 285B.689.**

42 [(13)] **(18) “Urban enterprise zone” means an enterprise zone in a metropolitan statistical area,**
43 **as defined by the most recent federal decennial census, located inside a regional or metropolitan**
44 **urban growth boundary.**

45

**DUTIES OF ECONOMIC AND COMMUNITY
DEVELOPMENT DEPARTMENT**

SECTION 2. ORS 285B.668 is amended to read:

285B.668. In addition to any other powers granted by law, for the purpose of administering ORS 285B.650 to 285B.728, the Economic and Community Development Department shall:

(1) Adopt any rules the department considers necessary to administer ORS 285B.650 to 285B.728.

(2) Assist a sponsor of an enterprise zone in its efforts to retain, expand, start or recruit eligible business firms.

(3) Assist an eligible business firm doing business within an enterprise zone to obtain the benefits of applicable incentive or inducement programs authorized by Oregon law.

(4) Take action necessary to participate in the federal enterprise zone program [*under*] **pursuant to** ORS 285B.677.

(5) Process sponsor requests for boundary amendments under ORS 285B.680.

(6) Take action necessary to terminate or designate zones under ORS 285B.686 or 285B.689.

(7) Assist in implementing first-source hiring agreements by publicly funded job training providers with [*precertified and qualified*] **authorized** business firms **and in ensuring compliance with business firm eligibility requirements and with provisions addressing the avoidance of job losses outside of enterprise zones.**

CREATION OF ENTERPRISE ZONE

SECTION 3. ORS 285B.656 is amended to read:

285B.656. (1) Any city or county may apply to the Director of the Economic and Community Development Department for designation of an area within that city or county as an enterprise zone. With the prior consent of the governing body of the city, a county may apply to the Economic and Community Development Department on behalf of a city for designation of any area within that city as an enterprise zone.

(2) One or more cities and counties may apply to the director for designation of an area situated partly within each city and partly in unincorporated territory within the counties as an enterprise zone.

[(3) Any area proposed for designation as an enterprise zone must consist of a total area of not more than 12 square miles in size with 12 miles or less as the greatest distance between any two points within the zone. The area of the zone shall be calculated by excluding that portion of the zone which lies below the ordinary high water mark of a navigable body of water, and any road, railroad, electric transmission line or pipeline rights of way that connect otherwise unconnected areas of an enterprise zone. Such areas shall not be more than five miles apart.]

[(4)] **(3)** An application for designation of an enterprise zone shall be in the form and contain such information as the department, by rule, may require. However, the application shall:

(a) Be submitted on behalf of one or more local government units as described in subsections (1) and (2) of this section by action of the governing body of each applicant;

(b) Contain a description of the area sought to be designated as an enterprise zone;

(c) Contain information sufficient to allow the department to determine if the criteria established in ORS 285B.662 are met;

(d) State that the applicant will give priority to the use in the proposed enterprise zone of any

1 economic development or job training funds received from the federal government; and

2 (e) Declare that the applicant will comply with ORS 285B.671.

3 [(5)] **(4)** When applying for designation of an enterprise zone within its boundaries under this
4 section, the applicant may include in the application:

5 **(a)** Proposals to enhance the level or efficiency of local public services within the proposed
6 enterprise zone including, but not limited to, fire-fighting and police services[.]; **and**

7 [(6) *When applying for designation of an enterprise zone within its boundaries under this section,*
8 *the applicant may include in the application*]

9 **(b)** Proposals for local incentives and local regulatory flexibility to [*precertified*] **authorized** or
10 qualified business firms.

11 [(7)] **(5)** In the case of joint applications by more than one local government unit, each city or
12 county joining in the application may include proposals for enhanced local public services, local
13 incentives or local regulatory flexibility to be effective within the boundaries of that local govern-
14 ment unit.

15 [(8)] **(6)** Proposals under subsection [(5), (6) or (7)] **(4) or (5)** of this section for enhanced local
16 public services, local incentives or local regulatory flexibility included in the application by a city
17 or county for an enterprise zone are binding upon the city or county if an enterprise zone is desig-
18 nated wholly or partly within its boundaries.

19 [(9) *Notwithstanding ORS 285B.716 (1), when applying for designation of an enterprise zone, an*
20 *applicant may choose to exempt qualified property owned or leased and operated by a business firm*
21 *as a hotel, motel or destination resort, for any business firm that is precertified in the proposed zone*
22 *after its designation, if the exemption is requested by resolution of each city or county sponsoring the*
23 *application.*]

24 **(7) An applicant for designation of an enterprise zone may, at the time the application**
25 **is made, elect to permit a business firm operating a hotel, motel or destination resort to be**
26 **an eligible business firm with respect to those operations. The election shall be made by a**
27 **resolution adopted by the governing body of the city or county seeking zone designation.**

28 **SECTION 4.** ORS 285B.653 is amended to read:

29 285B.653. (1) The Director of the Economic and Community Development Department may ap-
30 prove the designation of up to 17 areas as nonurban enterprise zones as provided in ORS 285B.656
31 and 285B.659.

32 (2) Areas designated as enterprise zones under this section shall be in addition to the 30 areas
33 designated or redesignated as enterprise zones by order of the Governor under ORS 284.160 (1987
34 Replacement Part) before October 3, 1989, and areas designated under ORS 285B.677 and 285B.689
35 [*and shall terminate in accordance with ORS 285B.686 (3)*].

36 **SECTION 5.** Section 4, chapter 460, Oregon Laws 1999, is amended to read:

37 **Sec. 4.** (1) As used in this section, "eastern Oregon" has the meaning given that term in ORS
38 321.405 but also includes Hood River County.

39 (2) Of the 10 additional enterprise zones provided for in the amendments to ORS 285B.653 by
40 section 2, **chapter 460, Oregon Laws 1999**, [*of this 1999 Act*] and initially designated after [*the ef-*
41 *fective date of this 1999 Act*] **October 23, 1999**, at least four of the enterprise zones must be located
42 in eastern Oregon.

43 (3) The designation of any **of the 10 additional** enterprise [*zone*] **zones** provided for in the
44 amendments to ORS 285B.653 by section 2, **chapter 460, Oregon Laws 1999**, [*of this 1999 Act*] is
45 not effective unless made on or before January 1, 2004.

1 *[(4) When requesting a change to the boundary of an enterprise zone under ORS 285B.680, the*
2 *zone sponsor and any other city or county that seeks to become a sponsor as part of the boundary*
3 *change proceeding may request a waiver of the distance limit imposed under ORS 285B.683 (1)(c). The*
4 *Director of the Economic and Community Development Department shall grant the waiver and order*
5 *the change to the enterprise zone boundary, if:]*

6 *[(a) The proposed boundary change satisfies all other requirements for a boundary change; and]*

7 *[(b) The director makes a determination, consistent with rules adopted by the Economic and Com-*
8 *munity Development Department, that designation of a separate enterprise zone is not a practical option*
9 *under the particular circumstances, that the overall distances involved can be effectively administered*
10 *and that the waiver will further the goals and purposes of applicable state policies.]*

11 **SECTION 6.** ORS 285B.677 is amended to read:

12 285B.677. *[(1) As used in this section, "federal enterprise zone" means any discrete area wholly or*
13 *partially within this state that is designated as an empowerment zone, an enterprise community, a re-*
14 *newal community or some similar designation for purposes of improving the economic and community*
15 *development of the area.]*

16 *[(2)]* **(1)** The Economic and Community Development Department shall be the lead agency for
17 state participation in a federal enterprise zone program. The Director of the Economic and Com-
18 munity Development Department may take action necessary for such participation to the extent al-
19 lowed by state law.

20 *[(3)]* **(2)** Any area designated as a federal enterprise zone by an agency of the federal govern-
21 ment may be designated as a state enterprise zone by the director at the request of a city or county
22 within whose jurisdiction some or all of the federal enterprise zone is located, without regard to any
23 limitation contained in ORS *[285B.656 (3) or]* 285B.662.

24 *[(4)]* **(3)** The boundary of an existing state enterprise zone may be amended by the director at
25 the request of the sponsor to include the entire area of a federal enterprise zone without regard to
26 any limitation contained in ORS 285B.680 (2). A change in the boundary of an existing state enter-
27 prise zone under this subsection *[shall]* **does** not change the termination date of the enterprise zone
28 under ORS 285B.686 *[(3)]* **(2)**.

29 *[(5)]* **(4)** A request by a city or county under subsection *[(3) or (4)]* **(2) or (3)** of this section shall
30 be in such form and include such information as required by the department, but the request must:

31 (a) Include a resolution adopted by the governing body of the city or county; and

32 (b) Provide that all areas within both the federal enterprise zone and the city or county are
33 included in a state enterprise zone.

34 *[(6)]* **(5)** The termination under federal law of a federal enterprise zone *[shall]* **does** not affect
35 the existence or dimensions of a state enterprise zone, except when, as determined by the director,
36 the termination is for nonperformance or for violations of federal guidelines.

37 **SECTION 7.** ORS 285B.662 is amended to read:

38 285B.662. **(1)** A proposed enterprise zone must be located in a local area in which:

39 *[(1)]* **(a)** Fifty percent or more of the households have incomes below 80 percent of the median
40 income of this state, as defined by the most recent federal decennial census;

41 *[(2)]* **(b)** The unemployment rate is at least 2.0 percentage points greater than the comparable
42 unemployment rate for this entire state, as defined by the most recently available data published
43 or officially provided and verified by the United States Government, the Employment Department
44 of this state, the Portland State University Center for Population Research and Census or special
45 studies conducted under a contract with a regional academic institution; or

1 [(3)] (c) The Economic and Community Development Department determines on a case-by-case
2 basis using evidence provided by the cities or counties applying for designation of the proposed en-
3 terprise zone that there exists a level of economic hardship at least as severe as that described in
4 [subsection (1) or (2) of this section] **paragraph (a) or (b) of this subsection.** Such evidence shall
5 be based on the most recently available data from official sources and may include, but is not limited
6 to, a contemporary decline of the population in the proposed enterprise zone, the percentage of
7 persons in the proposed enterprise zone below the poverty level relative to the percentage of the
8 entire population of this state below the poverty level or the unemployment rate for the county or
9 counties in which the proposed enterprise zone is located.

10 **(2) Any area proposed for designation as an enterprise zone must consist of a total area**
11 **of not more than 12 square miles in size. The area of the zone shall be calculated by ex-**
12 **cluding that portion of the zone that lies below the ordinary high water mark of a navigable**
13 **body of water.**

14 **(3) Except as provided in subsection (4) of this section:**

15 **(a) An enterprise zone must have 12 miles or less as the greatest distance between any**
16 **two points within the zone; and**

17 **(b) Unconnected areas of an enterprise zone may not be more than five miles apart.**

18 **(4) Unconnected areas of a nonurban enterprise zone may not be more than 15 miles**
19 **apart when an unconnected area is entirely within a sparsely populated county and the zone:**

20 **(a) Must have 20 miles or less as the greatest distance between any two points within the**
21 **zone, if only a portion of the zone is contained within a sparsely populated county; or**

22 **(b) Must have 25 miles or less as the greatest distance between any two points within the**
23 **zone, when the zone is entirely contained within a sparsely populated county.**

24 25 MANAGEMENT OF ENTERPRISE ZONE

26
27 **SECTION 8.** ORS 285B.671 is amended to read:

28 285B.671. (1) The sponsor of an enterprise zone shall:

29 (a) Appoint a local zone manager. Upon appointment of the local zone manager, the sponsor
30 shall provide written notice thereof to the Economic and Community Development Department, the
31 county assessor and the Department of Revenue.

32 (b) Provide enhanced local public services, local incentives and local regulatory flexibility in-
33 cluded in the application for designation of the enterprise zone or in the resolution under ORS
34 285B.680 (6) to [precertified] **authorized** or qualified business firms **and assist authorized or**
35 **qualified business firms in using the enhanced services, incentives and regulatory flexibility.**

36 (c) [Process] **Review and approve or deny** applications [from eligible business firms] for [pre-
37 certification] **authorization** under ORS 285B.719.

38 (d) Assist the county assessor in [reviewing tax exemption applications under ORS 285B.722]
39 **administering the property tax exemption under ORS 285B.650 to 285B.728.**

40 (e) [Prepare, implement and annually] **Maintain, implement and periodically** update a plan for
41 marketing the enterprise zone, including strategies for retention, expansion, start-up and recruit-
42 ment of eligible business firms.

43 (f) Manage the enterprise zone in accordance with ORS 285B.650 to 285B.728.

44 (g) Identify property available for sale or lease to eligible business firms under ORS 285B.674.

45 (h) Prepare indices of street addresses, tax lot numbers or other information to facilitate the

1 identification of land inside *[of]* an urban enterprise zone.

2 **(i) Provide written notice to the county assessor, the Department of Revenue, the Eco-**
3 **nomical and Community Development Department and any relevant publicly funded job train-**
4 **ing provider of the conditions and policies adopted by the sponsor under section 17 of this**
5 **2001 Act and take the actions necessary to implement and enforce these conditions and pol-**
6 **icies.**

7 *[(2) A sponsor of an enterprise zone may require that an application for precertification be ac-*
8 *companied by a filing fee of \$200 or up to one-tenth of one percent of the value of the proposed in-*
9 *vestment in qualified property at the time of the precertification.]*

10 *[(3)]* **(2)** If more than one city or county sponsors an enterprise zone, they shall act jointly in
11 performing the duties imposed on a sponsor under ORS 285B.650 to 285B.728.

12 *[(4) Notwithstanding ORS 285B.719 (3), the sponsor of an urban enterprise zone may require an*
13 *eligible business firm seeking precertification under ORS 285B.719 within that zone to satisfy other*
14 *conditions for precertification that the zone sponsor may impose that are reasonably related to the*
15 *public purpose of providing opportunities for groups of persons, as defined by the zone sponsor, to*
16 *obtain employment, including but not limited to provisions for training and procedures for monitoring*
17 *and verifying compliance with the conditions. Such conditions may be imposed only pursuant to a*
18 *policy adopted by the zone sponsor that establishes standards for the imposition of the conditions.*
19 *Conditions imposed by a zone sponsor under this subsection shall be in addition to, and not in lieu*
20 *of, conditions and requirements imposed under ORS 285B.650 to 285B.728 and shall not affect the*
21 *duties of the Department of Revenue under ORS 285B.692 or of the county assessor under ORS*
22 *285B.695.]*

23 *[(5) A sponsor of an enterprise zone that imposes conditions for precertification on eligible business*
24 *firms under subsection (4) of this section shall submit a written report every four years to the Legis-*
25 *lative Assembly concerning the application and effects of such conditions on the eligible businesses*
26 *within the enterprise zone. A report required by this subsection shall first be submitted to the Seven-*
27 *tieth Legislative Assembly.]*

28 **SECTION 9.** ORS 285B.674 is amended to read:

29 285B.674. Subject to the requirements of the Oregon Constitution *[and any]* **or any other** ap-
30 plicable law, the State of Oregon and municipal corporations that own any real property within an
31 enterprise zone that is zoned for use by eligible businesses and that is not used or designated for
32 some public purpose shall make that real property available for lease or purchase by *[precertified*
33 *or qualified business firms]* **any authorized business firm**. Real property shall be leased or sold
34 under this section only upon the condition that *[an eligible]* **the** business firm promptly develop the
35 real property for a use *[which has been precertified]* **that is consistent with the use described in**
36 **the application for authorization** under ORS 285B.719.

37 **SECTION 10.** ORS 285B.680 is amended to read:

38 285B.680. (1) The sponsor of an enterprise zone may submit a request to the Economic and
39 Community Development Department to change the boundary of the enterprise zone. A request shall
40 include:

- 41 (a) A resolution of the governing body of the sponsor requesting the change;
42 (b) A map clearly indicating the existing boundary and the proposed change thereto;
43 (c) A legal description of each area to be withdrawn from or added to the existing enterprise
44 zone; and
45 (d) Other information required by the department.

- 1 (2) The amended enterprise zone shall:
- 2 (a) Add land zoned for use by eligible business firms[:]
- 3 [(A) Which] **that** has or will have infrastructure facilities, [available; or]
- 4 [(B) Where] road access [exists or will be provided], **on-site** water [is or will be available
- 5 on-site], **on-site** sewage disposal [is or will be provided on-site] and necessary utility services [are
- 6 or will be provided];
- 7 (b) Continue to include any [precertified] **authorized** or qualified business firms within the en-
- 8 terprise zone;
- 9 (c) Add residential areas only if the level of economic hardship [therein] **in the amended en-**
- 10 **terprise zone** is at least as severe as the original enterprise zone;
- 11 (d) Retain at least 50 percent of the lands in the original enterprise zone; **and**
- 12 [(e) Consist of a total area of not more than 12 square miles in size. The area of the zone shall
- 13 be calculated by excluding that portion of the zone which lies below the ordinary high water mark of
- 14 a navigable body of water, and any road, railroad, electric transmission line or pipeline rights of way
- 15 that connect otherwise unconnected areas of an enterprise zone. Such areas shall not be more than five
- 16 miles apart; and]
- 17 [(f) Have 12 miles or less as the greatest distance between any two points within a zone amended
- 18 under this section.]
- 19 **(e) Meet the applicable total area and greatest distance requirements set forth in ORS**
- 20 **285B.662.**
- 21 (3) A request under subsection (1) of this section may include a proposal to:
- 22 (a) Remove **only land that is** residential [areas or land] **or** not zoned or available for use by
- 23 eligible business firms; or
- 24 (b) Change the name of the enterprise zone.
- 25 (4) The boundary of an urban enterprise zone shall not be modified to include land located out-
- 26 side a regional or metropolitan urban growth boundary.
- 27 (5) A request to modify the boundary of a nonurban enterprise zone to include land located
- 28 outside an urban growth boundary shall satisfy the requirements of subsections (1) and (2) of this
- 29 section and shall [include such] **satisfy any** other criteria [as] **that** the department may adopt by
- 30 rule.
- 31 (6) If an area to be added to an enterprise zone is under the jurisdiction of a city or county that
- 32 is not a sponsor of the enterprise zone, the governing body of that city or county shall submit a
- 33 resolution requesting the change and [that it] **requesting that the city or county** become a spon-
- 34 sor. The resolution may include a binding proposal for enhanced local public services, local incen-
- 35 tives or local regulatory flexibility to be effective within the portion of the enterprise zone to be
- 36 under the jurisdiction of that city or county.
- 37 (7) The department shall review the request for a boundary change. If the request is incomplete
- 38 or does not satisfy the requirements of this section, the department shall seek additional information
- 39 as necessary or shall return the request to the sponsor. If the request is returned, the sponsor may
- 40 submit a revised request at any time. If the request is complete and does satisfy the requirements
- 41 of this section, the Director of the Economic and Community Development Department shall order
- 42 a change in the boundary of an enterprise zone based on the request of the sponsor and specify the
- 43 effective date of the boundary change, which [shall] **may** not be earlier than the receipt of a com-
- 44 pleted request.
- 45 (8) A change in the boundary of an enterprise zone under this section [shall] **does** not change

1 the termination date of the enterprise zone under ORS 285B.686 [(3)] (2).

2 **SECTION 11.** ORS 285B.683 is amended to read:

3 285B.683. [(1) Notwithstanding ORS 285B.656 (3) and 285B.680 (2)(e) and (f), a nonurban enter-
4 prise zone may be designated under ORS 285B.659 or 285B.689 or have its zone boundary changed
5 under ORS 285B.680 so that:]

6 [(a) A separate area of the zone may be as far as 15 miles from another area of the zone, when the
7 separate area is entirely contained within a sparsely populated county;]

8 [(b) The zone may have 20 or fewer miles as the greatest distance between any two points within
9 the zone, when only a portion of the zone is contained within a sparsely populated county; or]

10 [(c) The zone may have 25 or fewer miles as the greatest distance between any two points within
11 the zone, when the zone is entirely contained within a sparsely populated county or within two or more
12 sparsely populated counties.]

13 [(2)] If the population density of a county increases to more than 100 persons per square mile,
14 **so that the county is no longer a sparsely populated county**, any existing **nonurban** enterprise
15 zone located wholly or partly within that county that was designated **under ORS 285B.653** or that
16 had its zone boundary changed under [subsection (1) of this section] **ORS 285B.680** shall continue to
17 exist with that zone boundary until terminated. [or until] A [subsequent] boundary change under ORS
18 285B.680 **that is subsequent to the date on which the county ceases to be a sparsely populated**
19 **county may** [. However, any subsequent boundary change under ORS 285B.680 shall] not add an area
20 to the zone that:

21 [(a)] (1) Is a separate area farther than five miles from the nearest point on the existing
22 boundary;

23 [(b)] (2) Increases the distance between the two points in the zone that are the farthest apart;
24 or

25 [(c)] (3) Creates a new line of distance to the farthest opposite point in the zone that is
26 longer than the greatest distance between any two existing points in the zone.

27 [(3) Subsection (2) of this section does not limit the maximum distance within an enterprise zone
28 to less than what is otherwise specifically allowed under subsection (1) of this section or ORS 285B.677
29 or 285B.680.]

30 [(4) Nothing in this section allows an enterprise zone to be more than 12 square miles in total area
31 except as provided under ORS 285B.677.]

32 [(5) As used in this section, "sparsely populated county" means a county with a density of 100 or
33 fewer persons per square mile, based on the most recently available population figure for the county
34 from the Portland State University Center for Population Research and Census.]

35 **SECTION 12.** A sponsor that requests a change to a nonurban enterprise zone under ORS
36 285B.680 on or before January 1, 2008, may request a waiver of the distance limit imposed
37 on the zone under ORS 285B.662 (4)(b). The Director of the Economic and Community De-
38 velopment Department shall grant the waiver if:

39 (1) The proposed boundary change satisfies all other requirements for a boundary change
40 under ORS 285B.680; and

41 (2) The director determines, consistent with rules adopted by the Economic and Com-
42 munity Development Department, that designation of a separate enterprise zone is not a
43 practical option under the particular circumstances, that the overall distances involved can
44 be effectively administered and that the waiver will further the goals and purposes of ORS
45 285B.650 to 285B.728.

DUTIES OF PROPERTY TAX ADMINISTRATORS

SECTION 13. ORS 285B.692 is amended to read:

285B.692. In addition to any other powers granted by law, for the purposes of ORS [285B.692] **285B.650** to 285B.728, the Department of Revenue shall:

(1) Adopt any rules the Department of Revenue considers necessary to implement ORS 285B.692, 285B.695, 285B.698, **285B.701**, 285B.713, 285B.719, 285B.722[, 285B.725] and 285B.728 **and sections 24, 29 and 31 of this 2001 Act.**

(2) Assist the Economic and Community Development Department, county assessors and the sponsors of enterprise zones in their efforts to [precertify] **authorize** or qualify eligible business firms.

(3) Assist an eligible business firm **proposing to do business within an enterprise zone or** doing business within an enterprise zone to obtain the benefits of applicable tax incentive or inducement programs administered or supervised by the Department of Revenue.

(4) Issue and print forms and worksheets to be used by [eligible] business firms [applying for precertification or by precertified business firms applying for a property tax exemption under ORS 285B.719 or 285B.722] **to make authorization or exemption applications.**

[(5) Submit a written report to the Economic and Community Development Department on or before January 15 in each year. The report shall include the number of jobs created and the value of investments in qualified property made by qualified business firms in the current tax year, and other information considered necessary by the Department of Revenue or required by the Economic and Community Development Department.]

SECTION 14. ORS 285B.695 is amended to read:

285B.695. The assessor of a county within which an enterprise zone is located shall:

(1) Assist the local zone manager and [eligible or precertified] business firms in determining whether property will qualify for a property tax exemption under ORS 285B.698 [and 285B.713].

(2) Review and approve or deny applications from eligible business firms for [precertification] **authorization** under ORS 285B.719.

(3) Process applications [from] **for exemption filed under ORS 285B.722 and exempt qualified property of [precertified] authorized** business firms [for] **from ad valorem** property tax [exemptions under ORS 285B.722] **in accordance with ORS 285B.650 to 285B.728.**

(4) Take action necessary under ORS 285B.728 [if a business firm or property is no longer qualified for the property tax exemption].

(5) Submit a written report to the Department of Revenue on or before [December 1 in] **August 1 of each assessment** year. The report **for each qualified business firm** shall include the [number of jobs created and the value of investments in qualified property made by qualified business firms in the current tax year, and other information considered necessary by the assessor or required by the Department of Revenue. The assessor shall provide copies of the report to the sponsors of enterprise zones located within the county and as directed by the Department of Revenue.] **following:**

(a) The assessor's estimate of the assessed value of qualified property that was exempt under ORS 285B.698 for the previous tax year.

(b) The average number of employees of the firm during the previous assessment year within the enterprise zone.

(c) The average annual compensation for the previous assessment year of new employees hired by the firm within the enterprise zone, if the firm is subject to the annual compen-

1 **sation requirements of section 18 (3) of this 2001 Act.**

2 **(d) The assessor's estimate of the assessed value, for the current tax year, of property**
3 **that was exempt under ORS 285B.698 for the previous tax year and that is not exempt under**
4 **ORS 285B.698 for the current tax year.**

5 **(e) The assessor's estimate of the real market value of qualified property first reported**
6 **on the application filed under ORS 285B.722 for the current tax year.**

7 **(f) Any other information the assessor or the Department of Revenue considers neces-**
8 **sary to determine whether the property continues to qualify for exemption under ORS**
9 **285B.698.**

10 **(6) Send a copy of a report prepared under subsection (5) of this section to the sponsor**
11 **of the enterprise zone in which the qualified business firm is located and to the Economic**
12 **and Community Development Department.**

13
14 **ELIGIBLE BUSINESS FIRMS**

15
16 **SECTION 15.** ORS 285B.707 is amended to read:

17 285B.707. (1) [*Except as provided in subsections (3) and (4) of this section,*] To be an eligible
18 business firm, a business firm must be engaged, **or proposing to engage, within the enterprise**
19 **zone** in the business of providing goods, products or services to other businesses[, *and not to the*
20 *general public for personal or household use or consumption,*] through activities including, but not
21 limited to, manufacturing, assembly, fabrication, processing, shipping or storage.

22 **(2) A business firm that is engaged within the enterprise zone in the business of providing**
23 **goods, products or services to the general public for personal or household use is not an el-**
24 **igible business firm. A business firm** [*Businesses*] significantly engaged in a business [*activities*]
25 **activity** within the enterprise zone [*such as*] **that consists of** retail sales or services, child care,
26 housing, retail food service, health care, tourism, entertainment, financial services, professional
27 services, leasing space to others, property management, construction or other similar activities [*are*
28 *not eligible business firms*] **is not an eligible business firm.**

29 [*(3) Notwithstanding subsection (1) or (2) of this section, a business firm that operates a hotel, motel*
30 *or destination resort is an eligible business firm regardless of the sale of services for personal con-*
31 *sumption, if allowed in the enterprise zone under ORS 285B.716.*]

32 [*(4)*] **(3)** [*Notwithstanding any other provision of this section,*] If a business firm described in
33 subsection (2) of this section engages in an activity described in subsection (1) of this section, the
34 business firm is an eligible business firm if the activity is performed at a location that is separate
35 from the activity of the firm that is described in subsection (2) of this section. **Property at the lo-**
36 **cation at which the firm conducts an activity described in subsection (2) of this section may**
37 **not be exempt under ORS 285B.698.** [*For purposes of determining whether a business firm described*
38 *in this subsection satisfies the requirements of ORS 285B.704, only the operations of the firm that are*
39 *described in subsection (1) of this section and employees working a majority of their time in those op-*
40 *erations shall be considered.*]

41 [*(5)*] **(4)** Two or more business firms that otherwise meet the requirements of this section may
42 elect to be treated as one eligible business firm if 100 percent of the equity interest in the business
43 firms is owned by the same person or persons, or if one of the business firms owns 100 percent of
44 the equity interest of the other or others.

45 [*(6)*] **(5)** Notwithstanding subsection (1) or (2) of this section, **each of the following business**

1 **firms is an eligible business firm:**

2 (a) A business firm engaged in the activity of providing a retail or financial service **within the**
3 **enterprise zone** [*is an eligible business firm*] if:

4 [(a)] (A) The activity serves customers by responding to orders or requests received only by
5 telephone, computer, the Internet or similar means of telecommunications; and

6 [(b)] (B) Not less than 90 percent of the customers or orders are located and originate in an
7 area from which long distance telephone charges, in the absence of a toll-free number, would apply
8 if the order were placed by telephone.

9 [(7) *Notwithstanding subsection (1) or (2) of this section,*]

10 (b) A business firm that [*makes an investment in qualified property at*] **operates** a facility **within**
11 **the enterprise zone** that serves statewide, regional, national or global operations of the firm
12 through administrative, design, financial, management, marketing or other activities [*is an eligible*
13 *business firm*], without regard to the relationship of [*such*] **these** activities to any otherwise eligible
14 activities within the enterprise zone. [*if:*]

15 [(a) *In approving the application for precertification, the zone sponsor includes with the application*
16 *a formal finding that the facility complies with the requirements of this subsection and that the size*
17 *of the proposed investment, the employment at the facility or the nature of the activities at the facility*
18 *will significantly enhance the local economy, in relation to the overall purpose and employment of the*
19 *zone;*]

20 [(b) *The actual investment and facility of the firm are consistent with the descriptions presented in*
21 *the precertification application; and*]

22 [(c) *For purposes of ORS 285B.704, all employees at the facility constitute employment of the firm,*
23 *as defined in ORS 285B.704.*]

24 (c) **A business firm that operates a hotel, motel or destination resort in the enterprise**
25 **zone if the sponsor has elected under ORS 285B.656 to treat a business firm engaged in hotel,**
26 **motel or destination resort operations in an enterprise zone as an eligible business firm.**

27
28 **AUTHORIZATION**

29
30 **SECTION 16.** ORS 285B.719 is amended to read:

31 285B.719. (1) Any eligible business firm [*proposing to apply for the tax exemption provided*]
32 **seeking to have property exempt from property tax** under ORS 285B.698 [*shall*] **must**, before the
33 commencement of **direct site preparation activities or the** construction, **addition**, modification
34 or installation of qualified property in an enterprise zone, and before the hiring of eligible employ-
35 ees, apply for [*precertification with the sponsor of the zone and with the county assessor of the county*
36 *or counties in which the zone is located*] **authorization under this section.** The application shall
37 be made on a form prescribed by the Department of Revenue and the Economic and Community
38 Development Department. **The application shall be filed with the sponsor of the zone. A zone**
39 **sponsor may require that the application filed with the sponsor be accompanied by a filing**
40 **fee. If required, the filing fee may not exceed the greater of \$200 or one-tenth of one percent**
41 **of the value of the investment in qualified property that is proposed in the application for**
42 **authorization. The filing fee may be required for the filing of applications only after the**
43 **sponsor adopts a policy, consistent with Economic and Community Development Department**
44 **rules, authorizing the imposition of the filing fee.**

45 (2) The application shall contain the following information:

1 (a) A description of the nature of the firm's **current and proposed** business operations [*in*] **in-**
2 **side the boundary of** the enterprise zone;

3 (b) A description and estimated [*cost or*] value of the qualified property to be constructed,
4 **added, modified or installed [*in*] inside the boundary of** the enterprise zone;

5 (c) **The number of employees of the firm that are employed within the enterprise zone,**
6 **averaged over the previous 12 months, and** an estimate of the number of employees that will be
7 hired by the firm;

8 (d) A commitment to meet all requirements of ORS 285B.704 **and 285B.710, and to verify**
9 **compliance with these requirements;**

10 (e) A commitment to satisfy all additional conditions for [*precertification*] **authorization** that are
11 imposed by the enterprise zone sponsor under [*ORS 285B.671 (4)*] **section 17 of this 2001 Act or**
12 **pursuant to agreement entered into under section 18 of this 2001 Act, and to verify compli-**
13 **ance with these additional conditions;** and

14 (f) Any other information considered necessary by the Department of Revenue and the Economic
15 and Community Development Department.

16 **(3) If an application for authorization appears to be complete and the proposed invest-**
17 **ment appears to be eligible for authorization, the zone sponsor and the business firm shall**
18 **conduct a preapproval consultation. The county assessor shall be timely notified and have**
19 **the option to participate in the consultation. The consultation shall:**

20 (a) **Identify potential issues that may affect compliance with relevant exemption re-**
21 **quirements, including but not limited to enterprise zone boundary amendments;**

22 (b) **Arrange for methods and procedures to establish and verify compliance with applica-**
23 **ble requirements; and**

24 (c) **Identify the person who is obligated to notify the county assessor if requirements are**
25 **not being satisfied.**

26 **(4) Upon completion of the consultation, a written summary of the determination made**
27 **under subsection (3) of this section shall be prepared by the zone sponsor. The summary**
28 **shall be attached to the application and the application shall be forwarded to the county**
29 **assessor of each county in which the zone is located, for review by the assessor.**

30 [*3*] **(5) If the sponsor and county assessor determine that the current or proposed operations**
31 **of the business firm [*is*] in the enterprise zone result in the firm being eligible under ORS**
32 **285B.707 and that the firm has [*committed to meet the requirements of ORS 285B.704*] made the**
33 **commitments required under subsection (2)(d) and (e) of this section, the sponsor and county**
34 **assessor shall [*precertify*] authorize the business firm by approving the application.**

35 **(6) If the business firm seeking authorization is an eligible business firm described in**
36 **ORS 285B.707 (5)(b), the zone sponsor must, as a condition to approving the application, make**
37 **a formal finding that the business firm is an eligible business firm under ORS 285B.707 and**
38 **that the size of the proposed investment, the employment at the facility of the firm or the**
39 **nature of the activities engaged in by the firm within the enterprise zone will significantly**
40 **enhance the local economy, promote the purposes for which the zone was created and in-**
41 **crease employment within the zone.**

42 **(7) The approval of both the sponsor and the county assessor shall be prima facie evidence that**
43 **the [*eligible*] qualified property of the business firm will [*be qualified for*] receive the property tax**
44 **exemption under ORS 285B.698. Neither the sponsor nor the county assessor shall be liable in any**
45 **way if the Department of Revenue or county assessor later determines that [*a precertified*] an**

1 **authorized** business firm [*is not qualified*] **does not satisfy the requirements** for a property tax
 2 exemption [*or if either the county assessor or the Department of Revenue determines that the precertified business firm has not satisfied the requirements of ORS 285B.704*]. In approving the application,
 3 the sponsor and county assessor shall provide proof of approval as directed by the Economic and
 4 Community Development Department.
 5

6 [(4) **(8)** If the sponsor or county assessor fails or refuses to [*precertify*] **authorize** the business
 7 firm, the business firm may appeal to the Oregon Tax Court under ORS 305.404 to 305.560. The
 8 business firm shall provide copies of the firm's appeal to the sponsor, county assessor, the Depart-
 9 ment of Revenue and the Economic and Community Development Department.

10 [(5) *Notwithstanding the fact that an enterprise zone has terminated under ORS 285B.686 or that*
 11 *a zone boundary has been changed, an eligible business firm that has obtained precertification under*
 12 *this section shall be entitled to a property tax exemption under ORS 285B.698, if, as determined by the*
 13 *Economic and Community Development Department.*]

14 [(a) *The firm's application for precertification has not been withdrawn by the firm or has not ex-*
 15 *pired;*]

16 [(b) *The firm completes construction, modification or installation of the qualified property within*
 17 *a reasonable time and without interruption of construction or installation activity; and*]

18 [(c) *The firm satisfies all other requirements of ORS 285B.704 and the precertification.*]

19 [(6) *If an enterprise zone is terminated under ORS 285B.686, the exemption under ORS 285B.698*
 20 *shall be granted only if the sponsor and county assessor approve the application for precertification,*
 21 *such that the sponsor, county assessor or both formally granted such approval on or before the effective*
 22 *date of the termination of the zone, and the business firm satisfies subsection (5) of this section. If the*
 23 *sponsor or county assessor refuses or fails to precertify the firm under this subsection, the firm may*
 24 *appeal under subsection (4) of this section and may be granted the exemption.*]

25 [(7) **(9)** [*Precertification*] **Authorization** under this section [*shall*] **does** not ensure that property
 26 constructed, **added**, modified or installed by the [*precertified*] **authorized** business firm will receive
 27 property tax exemption under ORS 285B.698.

28 [(8) *Notwithstanding any other provision of this section, if a business firm satisfies the require-*
 29 *ments of ORS 285B.704 and has constructed, modified or installed qualified property eligible for ex-*
 30 *emption under ORS 285B.698, the precertification requirement of subsection (1) of this section or ORS*
 31 *285B.722 may be waived as specifically provided by rule or for good cause by the Department of Re-*
 32 *venue.*]

33 **(10) Notwithstanding subsection (1) of this section, if an eligible business firm has begun**
 34 **or completed the construction, addition, modification or installation of property that meets**
 35 **the qualifications of ORS 285B.713, and the property has not yet been subject to property tax,**
 36 **then, for purposes of ORS 285B.650 to 285B.728, the firm shall be authorized under this sec-**
 37 **tion if:**

38 **(a) The firm files an application under this section and obtains approval from the sponsor**
 39 **and county assessor; and**

40 **(b)(A) Rules adopted by the Economic and Community Development Department permit**
 41 **the firm to be authorized under this section; or**

42 **(B) Upon a showing of good cause for the firm's failure to apply for authorization before**
 43 **beginning the construction, addition, modification or installation of the property, the De-**
 44 **partment of Revenue issues an order stating that the firm is authorized under this section.**

45 **SECTION 17. (1) The sponsor of an urban enterprise zone may require an eligible busi-**

1 **ness firm seeking authorization under ORS 285B.719 to satisfy other conditions in order for**
2 **the firm to be authorized.**

3 **(2) The conditions that a sponsor may impose under this section must be reasonably re-**
4 **lated to the public purpose of providing opportunities for groups of persons, as defined by the**
5 **sponsor, to obtain employment, including but not limited to providing training to these**
6 **groups of persons.**

7 **(3) The sponsor may establish procedures for monitoring and verifying compliance with**
8 **conditions imposed on the firm under this section, and require the firm to agree to these**
9 **procedures as a condition to authorizing the firm.**

10 **(4) Conditions established under this section may be imposed on a firm only if the spon-**
11 **sor has adopted a policy that establishes standards for the imposition of these conditions.**

12 **(5) Conditions imposed by a sponsor under this section shall be in addition to, and not in**
13 **lieu of, conditions and requirements imposed under ORS 285B.650 to 285B.728 or pursuant to**
14 **an agreement entered into under section 18 of this 2001 Act and do not affect the duties of**
15 **the Department of Revenue or of the county assessor under ORS 285B.650 to 285B.728.**

16 **(6) A sponsor of an urban enterprise zone that imposes conditions for authorization on**
17 **eligible business firms under this section shall submit a written report every four years to**
18 **the Legislative Assembly concerning the application and effects of these conditions on busi-**
19 **ness firms within the enterprise zone.**

20 **SECTION 18. (1) An eligible business firm seeking authorization under ORS 285B.719 and**
21 **the sponsor of the enterprise zone in which the firm intends to invest may enter into a**
22 **written agreement to extend the period during which the qualified property is exempt from**
23 **tax under ORS 285B.698 if the firm complies with the terms of the agreement.**

24 **(2) The period for which the qualified property is to continue to be exempt must be set**
25 **forth in the agreement and may not exceed two additional tax years.**

26 **(3) In order for an agreement under this section to extend the period of exemption:**

27 **(a) If the enterprise zone is a nonurban enterprise zone or an urban enterprise zone lo-**
28 **cated inside a metropolitan statistical area of fewer than 400,000 residents, the agreement**
29 **must require that the firm meet both of the following:**

30 **(A) Annually compensate all new employees hired by the firm at an average rate of not**
31 **less than 150 percent of the county's average annual wage until the end of the tax exemption**
32 **period. If the zone is in more than one county, the average rate of compensation of all new**
33 **employees hired by the firm must be not less than 150 percent of the average annual wage**
34 **of the county with the highest average annual wage.**

35 **(B) Any additional requirement that the zone sponsor may reasonably request.**

36 **(b) If the enterprise zone is an urban enterprise zone located inside a metropolitan sta-**
37 **tistical area of 400,000 residents or more, the agreement must require that the firm meet**
38 **any additional requirement the sponsor may reasonably require.**

39
40 **PROPERTY TAX EXEMPTION**

41
42 **SECTION 19. ORS 285B.698 is amended to read:**

43 **285B.698. [(1) Upon compliance with ORS 285B.722, qualified property of a qualified business firm**
44 **shall be exempt from ad valorem property taxation, if:]**

45 **[(a) The qualified property was constructed, added to, modified or installed in furtherance of the**

1 *production of income;]*

2 *[(b) The property or portion of the property for which exemption is sought was in use or occupancy*
3 *no later than April 1 of the assessment year for which exemption is sought;]*

4 *[(c) The total cost of all of the qualified property for which application for exemption is made was*
5 *at least \$25,000; and]*

6 *[(d) The property satisfies the requirements of ORS 285B.713.]*

7 *[(2) The exemption allowed under this section shall be allowed only for property that is owned or*
8 *leased by a qualified business firm that satisfies the requirements of ORS 285B.704. If the property is*
9 *leased by a qualified business firm, the qualified business firm must be required by the terms of the*
10 *lease to pay or compensate the owner for the entire amount of property taxes assessed against the*
11 *leased property during the lease term.]*

12 **(1) Property of an authorized business firm is exempt from ad valorem property tax if:**

13 **(a) The property is qualified property under ORS 285B.713;**

14 **(b) The firm meets the qualifications under ORS 285B.704; and**

15 **(c) The firm has entered into a first-source hiring agreement under ORS 285B.710.**

16 *[(3)(a)]* **(2)(a)** The exemption allowed under this section *[shall first apply to the assessment year*
17 *immediately following completion of the construction, addition, modification or installation of]* **applies**
18 **to the first tax year for which, as of April 1 preceding the tax year, the qualified property is**
19 **in service.** The exemption shall continue for the **next** two succeeding *[assessment]* **tax** years if the
20 property continues to be owned or leased by the *[qualified]* business firm and located in the enter-
21 prise zone.

22 **(b) The property may be exempt from property tax under this section for up to two ad-**
23 **ditional tax years consecutively following the tax years described in paragraph (a) of this**
24 **subsection, if authorized by the written agreement entered into by the firm and the sponsor**
25 **under section 18 of this 2001 Act.**

26 *[(b)]* **(c)** If qualified property of a qualified business firm is sold or leased to an eligible business
27 firm in the enterprise zone during the period *[of abatement]* **the property is exempt under this**
28 **section,** the purchasing or leasing firm is eligible to continue the exemption of the selling or leasing
29 firm for the balance of the *[abatement]* **exemption** period, but only if any effects on employment
30 within the zone that result from the sale or lease do not constitute substantial curtailment under
31 *[ORS 285B.728 (3)]* **section 24 of this 2001 Act.**

32 *[(4)]* **(3)** The exemption allowed under this section shall be 100 percent of the assessed value of
33 the qualified property in each of the tax years for which the exemption is available. If the qualified
34 property is an addition to or modification of an existing building or structure, the exemption shall
35 be measured by the increase in value, if any, attributable to the addition or modification.

36 *[(5)(a)]* **(4)(a)** *[No exemption shall]* **An exemption may not** be granted for property assessed for
37 property tax purposes in the county in which the zone is located on or before the effective date of
38 the:

39 (A) Designation of the zone; or

40 (B) Approval of a boundary change for the zone if the property is located in an area added to
41 the zone.

42 (b) *[No exemption shall]* **An exemption may not** be granted for property constructed, added
43 *[to],* modified or installed in the zone or in the process of construction, addition, modification or in-
44 stallation in the zone on or before the effective date of the:

45 (A) Designation of the zone; or

1 (B) Approval of a boundary change for the zone if the property is located in an area added to
2 the zone.

3 (c) *[No exemption shall]* **An exemption may not** be granted for any qualified property that was
4 in use or occupancy within the zone for more than 12 months by December 31 preceding the first
5 assessment year for which an application for exemption is made.

6 (d) *[No exemption shall]* **An exemption may not** be granted for any qualified property unless
7 the property was in use or occupancy in the assessment year immediately following completion of
8 construction, addition, modification or installation.

9 (e) Except as provided in *[ORS 285B.719 (6), no exemption shall]* **ORS 285B.686, an exemption**
10 **may not** be granted for qualified property constructed, **added**, modified or installed after termi-
11 nation of an enterprise zone.

12 *[(6) A qualified business firm may apply for a tax exemption for additional qualified property ini-*
13 *tially occupied or used during or after the first year in which a tax exemption for the firm's initial*
14 *investment in qualified property was approved if the firm meets the applicable requirements of this*
15 *section and ORS 285B.701, 285B.704, 285B.707, 285B.710, 285B.713, 285B.716, 285B.719 and*
16 *285B.722.]*

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

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

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

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

25 **(c) Indicate on the assessment roll that the property is exempt and is subject to potential**
26 **additional taxes as provided in ORS 285B.728, by adding the notation "enterprise zone ex-**
27 **emption (potential additional tax)."**

28 **SECTION 20.** ORS 285B.713 is amended to read:

29 285B.713. *[(1) The property tax exemption provided under ORS 285B.698 shall be available only*
30 *for qualified property of a qualified business firm.]*

31 *[(2)]* **(1)** The following kinds of property are qualified for *[the]* exemption *[allowed]* under ORS
32 285B.698:

33 (a) A *[new]* **newly constructed** building or structure with a cost of \$25,000 or more.

34 (b) *[An]* **A new** addition to or modification of an existing **or newly constructed** building or
35 structure. The total cost of qualifying additions or modifications to an existing building or structure
36 shall be at least \$25,000 in one assessment year. In order to satisfy the minimum investment re-
37 quirement, the cost of two or more additions or modifications made in one assessment year to a
38 single building or structure may be aggregated.

39 (c) Any real property machinery or equipment, whether new, used or reconditioned, that is
40 newly purchased[,] **or newly leased by an authorized business firm**, or **newly** transferred into the
41 enterprise zone from outside the county within which the zone is located, and installed in property
42 owned or leased by *[a qualified business]* **the** firm.

43 (d) Any single item of personal property machinery or equipment, whether new, used or recon-
44 ditioned, that is newly purchased[,] **or newly leased by an authorized business firm**, or **newly**
45 transferred into the enterprise zone from outside the county within which the zone is located and

1 installed in property owned or leased by *[a qualified business]* **the** firm and:

2 (A) That has a cost of at least \$1,000 if the property is used exclusively for producing tangible
3 goods; or

4 (B) That has a cost of at least \$50,000.

5 *[(e) A new building and associated structures owned by a governmental body that are leased to
6 one or more qualified business firms.]*

7 *[(f) Any property otherwise described in this section that is owned or leased and operated by a
8 business firm operating a hotel, motel or destination resort, to the extent that the property is located
9 on the same site as the hotel, motel or destination resort and is used primarily to serve overnight guests
10 of the hotel, motel or destination resort. For purposes of this paragraph, property is primarily used to
11 serve guests if at least 50 percent of any receipts from such use are paid by guests.]*

12 *[(g) Any property otherwise described in this section that is owned or leased and operated by a
13 business firm described in ORS 285B.707 (4), to the extent that the property is used exclusively in an
14 activity described in ORS 285B.707 (1).]*

15 **(2) Property described in subsection (1) of this section is qualified under this section only
16 if:**

17 **(a) The property was constructed, added, modified or installed to further the production
18 of income;**

19 **(b) The property is owned or leased by an authorized business firm;**

20 **(c) The property is located at a single site or at multiple sites that are adjacent to or
21 have comparable proximity to each other inside the boundaries of the enterprise zone; and**

22 **(d) In the case of the property of an eligible business firm described in ORS 285B.707
23 (5)(b), the actual investment at the facility of the firm is consistent with the descriptions
24 presented in the authorization application.**

25 **(3)(a) Property described in subsection (1) of this section that is leased by the authorized
26 business firm is qualified under this section only if the terms of the lease provide that the
27 firm must compensate the owner for all property taxes assessed against the leased property
28 during the term of the lease or that the firm must pay these taxes directly during the term
29 of the lease.**

30 **(b) The term of a lease described in paragraph (a) of this subsection may not be shorter
31 than the period for which the property will be exempt under ORS 285B.698.**

32 **(4) Property described in subsection (1) of this section that is owned or leased by an au-
33 thorized business firm operating a hotel, motel or destination resort in an enterprise zone
34 is qualified under this section only if the property is located on the same site as the hotel,
35 motel or destination resort and is used primarily to serve overnight guests of the hotel,
36 motel or destination resort. Property is used primarily to serve overnight guests if at least
37 50 percent of any receipts from use of the property are paid by overnight guests.**

38 **[(3)] (5) Notwithstanding subsection (1) of this section, the following property is not qualified
39 for exemption under ORS 285B.698:**

40 (a) Land.

41 **(b) *[Self-propelled motorized vehicles]* Any vehicle that is suitable as a mode of transporta-
42 tion beyond the enterprise zone boundary, without regard to whether the vehicle is regis-
43 tered under the Oregon Vehicle Code.**

44 **(c)(A) *[Property excluded under ORS 285B.698 (5)]* Property that was not in use or occupancy
45 for more than a 180-day period that ends during the preceding assessment year.**

1 **(B) This paragraph does not apply to the first assessment year for which the property is**
2 **exempt under ORS 285B.698.**

3 **(d) On-site developments that are assessed as part of the land, including but not limited**
4 **to yard improvements or underground utilities.**

5 **(e) Noninventory supplies, including but not limited to lubricants.**

6 **SECTION 21.** ORS 285B.701 is amended to read:

7 285B.701. (1) The Legislative Assembly finds that the standard procedure for [*precertification*]
8 **authorization** in an enterprise zone inappropriately deters development or redevelopment of quali-
9 fied buildings on speculation for subsequent sale or lease to eligible business firms.

10 (2) Notwithstanding ORS 285B.719 (1), a new building or structure or an addition to or modifi-
11 cation of an existing building or structure may [*qualify*] **satisfy the requirements** for the exemption
12 allowed under ORS 285B.698 [*or 285B.710*] if the qualified property is leased or sold by an unrelated
13 party to one or more [*precertified*] **authorized** business firms after commencement of the con-
14 struction, addition or modification but prior to use or occupancy of the qualified property.

15 (3) [*For purposes of ORS 285B.722,*] A business firm [*shall*] **may** not be considered [*precertified*]
16 **authorized** and is not qualified for the exemption allowed under ORS 285B.698 [*or 285B.710*] if the
17 county assessor discovers prior to initially granting the exemption that the application for [*precer-*
18 *tification*] **authorization** was not submitted by the business firm in a timely manner in accordance
19 with ORS 285B.719 [*(1)*], except as allowed under subsection (2) of this section or ORS 285B.719
20 [*(8)*] **(10)**.

21 (4) [*Records, communications*] **A record, a communication** or information submitted to a public
22 body by a business firm for purposes of ORS 285B.650 to 285B.728 that [*identify*] **identifies** [*a*] par-
23 ticular qualified property, that [*reveal*] **reveals** investment plans prior to [*precertification,*] **authori-**
24 **zation, that includes the compensation the firm provides to its employees,** that [*are*] **is**
25 described in ORS 192.502 (16) or that [*are*] **is** submitted [*under ORS 285B.728*] **pursuant to section**
26 **29 or 31 of this 2001 Act** [*are*] **is** exempt from disclosure under ORS 192.410 to 192.505 and, as ap-
27 propriate, shall be shared among the county assessor, the zone sponsor, the Department of Revenue
28 and the Economic and Community Development Department.

29 **SECTION 22.** ORS 285B.704 is amended to read:

30 285B.704. [*(1) A business firm is qualified to receive a property tax exemption under ORS 285B.698*
31 *for its qualified property only if:*]

32 [*(a) The firm is an eligible business firm described in ORS 285B.707;*]

33 [*(b) The firm has business operations located inside the enterprise zone;*]

34 [*(c) The firm owns or leases qualified property located inside the enterprise zone;*]

35 [*(d) The employment of the firm, no later than April 1 following the assessment year in which the*
36 *investment in qualified property was completed, is not less than 110 percent of the average annual*
37 *employment of the firm, calculated over the 12 months preceding the date of application for precertif-*
38 *ication;*]

39 [*(e) The firm hired at least one new employee to work within the enterprise zone, under paragraph*
40 *(d) of this subsection, after precertification and no later than April 1 following the assessment year in*
41 *which the investment in qualified property was completed;*]

42 [*(f) The firm satisfies the hiring requirements of ORS 285B.710 (1);*]

43 **(1) The qualified property of an authorized business firm may be exempt from property**
44 **tax under ORS 285B.698 only if the firm meets the following qualifications:**

45 **(a) The firm is an eligible business firm engaged in eligible business operations under**

1 **ORS 285B.707 that are located inside the enterprise zone;**

2 **(b) The firm owns or leases qualified property that is located inside the enterprise zone;**

3 **(c) The employment of the firm, no later than the date the application under ORS**
4 **285B.722 is filed or April 1 following the year in which the investment in qualified property**
5 **is made, whichever is earlier, is not less than the greater of 110 percent of the annual av-**
6 **erage employment of the firm or the annual average employment of the firm plus one em-**
7 **ployee;**

8 *[(g)]* **(d) The firm [did] does not diminish employment outside the enterprise zone [under sub-**
9 **section (4)] as required by subsections (4) and (5) of this section;**

10 *[(h)]* **(e) The firm [did] does not substantially curtail [employment] operations within the enter-**
11 **prise zone as described in [ORS 285B.728] section 24 of this 2001 Act; and**

12 *[(i)]* **(f) The firm complies in all material respects with local, Oregon and federal laws applicable**
13 **to the firm's operations inside the enterprise zone since the application for [precertification] au-**
14 **thorization and throughout the period of exemption, as prescribed by rule.[: and]**

15 *[(j) The firm complies with all additional conditions for precertification imposed by an enterprise*
16 *zone sponsor under ORS 285B.671 (4).]*

17 **(2)[(a)] Notwithstanding subsection [(1)(d), (e) or (h)] (1)(e) of this section, [an eligible business**
18 **firm is a qualified business firm if it] a firm that substantially curtails operations within the**
19 **enterprise zone may nevertheless meet the qualifications of this section if the firm has sat-**
20 **isfied the following requirements:**

21 **(a) The firm obtained authorization under ORS 285B.719 and, at the time authorization**
22 **was obtained, the governing body of the sponsor adopted a resolution that approved the ex-**
23 **emption from taxation of the qualified property of the firm and that specified the minimum**
24 **number of employees the firm must maintain throughout the exemption period. The resol-**
25 **ution may include additional conditions determined by the sponsor with which the firm must**
26 **comply to meet the qualifications of this section. At the request of the firm, the sponsor**
27 **may modify the resolution prior to the first tax year for which exemption is claimed under**
28 **ORS 285B.698.**

29 **(b) The firm completes an investment [of \$25 million or more] in qualified property[, on or before**
30 **December 31 preceding the first assessment year for which the exemption is being sought,] that, for**
31 **the first tax year for which exemption under ORS 285B.698 is claimed, equals \$25 million or**
32 **more in qualified property, with less than a 10 percent increase in employment of the firm but**
33 **without a loss of employment of the firm.**

34 *[(b) Approval to extend the property tax benefit to the eligible business firm under this subsection*
35 *shall be documented by resolution of the governing body of the sponsor. The resolution shall specify*
36 *the minimum percentage increase in employment that the eligible business firm must maintain to be a*
37 *qualified business firm throughout the exemption period. The resolution may include other conditions*
38 *for the firm to be a qualified business firm. At the request of the eligible business firm, the sponsor*
39 *may modify the resolution prior to the initial filing by the firm for the property tax exemption. A copy*
40 *of the resolution shall be attached to the final applications for precertification and for the property tax*
41 *exemption.]*

42 *[(3)(a) Notwithstanding subsection (1)(d), (e) or (h) of this section, with the approval of the sponsor*
43 *of the enterprise zone, an eligible business firm is a qualified business firm if it completes an invest-*
44 *ment of \$25 million or more in qualified property, on or before December 31 preceding the first as-*
45 *essment year for which the exemption is being sought, with a loss of employment of the firm.]*

1 *[(b) Approval to extend the property tax benefit to the eligible business firm under this subsection*
 2 *shall be documented by resolution of the governing body of the sponsor. The resolution shall specify*
 3 *the minimum number of employees that the firm must retain for the eligible business firm to be a*
 4 *qualified business firm throughout the exemption period. The resolution may include other conditions*
 5 *for the firm to be a qualified business firm. At the request of the eligible business firm, the sponsor*
 6 *may modify the resolution prior to the firm's initial filing for the property tax exemption. A copy of the*
 7 *resolution shall be attached to the firm's applications for precertification and for the property tax ex-*
 8 *emption.]*

9 **(3) An authorized business firm that engages in eligible operations under ORS 285B.707**
 10 **(1) and ineligible operations under ORS 285B.707 (2) meets the qualifications of this section**
 11 **if the eligible operations of the firm under ORS 285B.707 (1) meet the qualifications of this**
 12 **section and the employees working a majority of their time in eligible operations within the**
 13 **enterprise zone meet the qualifications of this section and ORS 285B.710.**

14 (4) *[Notwithstanding subsections (1) to (3) of this section,]* A business firm *[is not qualified to re-*
 15 *ceive a property tax exemption]* **does not meet the qualifications of this section** if the firm or any
 16 other firm under common control closes or permanently curtails operations in another part of the
 17 state more than 30 miles from the nearest boundary of the enterprise zone in which the firm seeks
 18 a property tax exemption. This subsection applies to the transfer of any of the business firm's op-
 19 erations to an enterprise zone from another part of the state, if the closure or permanent curtail-
 20 ment in the other part of the state diminished employment in the county and more local labor
 21 markets after *[precertification]* **authorization** and *[before the initial application for the exemption]* **on**
 22 **or before December 31 of the first tax year for which qualified property of the firm in that**
 23 **zone would otherwise be exempt under ORS 285B.698.**

24 (5) An *[eligible]* **authorized** business firm that moves any of its employees from a site or sites
 25 within 30 miles from the nearest boundary of the enterprise zone after *[precertification and before the*
 26 *initial application for the exemption may qualify to receive a property tax exemption only]* **authori-**
 27 **zation may meet the qualifications under this section** if the employment of the firm has been
 28 increased within the zone and at the site or sites from which the employees were transferred, no
 29 later than *[April 1 following the assessment year in which the investment in qualified property was*
 30 *completed]* **December 31 of the first tax year for which qualified property of the firm is exempt**
 31 **under ORS 285B.698**, to not less than 110 percent of the *[average]* annual **average** employment of
 32 the firm within the zone and the site or sites from which the employees were transferred, calculated
 33 over the 12 months preceding the date of application for *[precertification]* **authorization.**

34 (6) As used in this section:

35 **(a) "Annual average employment of the firm" means the average employment of the firm,**
 36 **calculated over the 12 months preceding the date of application for authorization.** *[and]*

37 **(b)** Except as provided in subsection (5) of this section, "employment of the firm" means:

38 **(A)** The number of employees working for the firm a majority of their time in eligible operations
 39 at locations within the enterprise zone; **or**

40 **(B)** **In the case of a firm described in ORS 285B.707 (5)(b), the number of employees**
 41 **working a majority of their time at the facility in the enterprise zone for which authorization**
 42 **was obtained.**

43 **SECTION 23.** ORS 285B.705 is amended to read:

44 285B.705. For purposes of ORS 285B.704 *[(1)(i)]* **(1)(f)**, the Economic and Community Develop-
 45 ment Department shall adopt rules that~~,~~ *[notwithstanding ORS 311.205,]* define the effect of non-

1 compliance on an eligible business firm's continuing exemption in an enterprise zone and that
2 indicate what is necessary to establish such noncompliance in terms of the materiality of the rele-
3 vant violation, the finality of applicable legal or regulatory proceedings and judgments involving the
4 firm, the failure by the firm to perform or submit to remedial or curative actions and similar factors.

5 **SECTION 24. For the purposes of ORS 285B.704 and 285B.728, operations of a business**
6 **firm shall be considered to be substantially curtailed when:**

7 **(1) The number of employees within the enterprise zone at the end of an assessment year**
8 **is reduced by more than 85 percent from the highest number of such employees at the end**
9 **of any assessment year for which the firm received an exemption under ORS 285B.698 or of**
10 **the assessment year immediately prior to the year for which the exemption was first allowed;**

11 **(2) The number of employees within the enterprise zone at the end of an assessment year**
12 **has been reduced for a period longer than one year by more than 50 percent from the highest**
13 **number of such employees at the end of any assessment year in which the firm received an**
14 **exemption under ORS 285B.698 or the assessment year immediately prior to the year for**
15 **which the exemption was first allowed; or**

16 **(3) The annual average number of employees within the enterprise zone at the end of the**
17 **first assessment year for which the exemption under ORS 285B.698 is granted, or any sub-**
18 **sequent year in which an exemption is claimed, is reduced below the greater of:**

19 **(a) The annual average number of employees of the business firm within the enterprise**
20 **zone, averaged over the 12 months preceding the date of the application for authorization**
21 **plus one employee; or**

22 **(b) 110 percent of the annual average number of employees of the firm within the enter-**
23 **prise zone, averaged over the 12 months preceding the date of the application for authori-**
24 **zation.**

25 **SECTION 25.** ORS 285B.710 is amended to read:

26 285B.710. **(1) The qualified property of an authorized business firm may be exempt from**
27 **property tax under ORS 285B.698 only if the firm enters** [*A precertified business firm shall*
28 *enter*] **into a first-source hiring agreement** [*with a publicly funded job training provider*] **for the pe-**
29 **riod of property tax exemption. The agreement must be executed prior to the assessment date**
30 **for the first tax year for which qualified property of the firm is exempt under ORS 285B.698.**

31 [*(2) If a qualified business firm is located in an urban enterprise zone inside a metropolitan sta-*
32 *tistical area with fewer than 400,000 residents, all new employees hired by the firm must meet all ad-*
33 *ditional conditions imposed under ORS 285B.671 (4).]*

34 [*(3) Notwithstanding ORS 285B.698 (3)(a), if a firm is located in an urban enterprise zone situated*
35 *inside a metropolitan statistical area of less than 400,000 residents, the sponsor may set a period of*
36 *abatement of up to five consecutive assessment years if the qualified business firm agrees with the*
37 *sponsor, in writing, at the time of precertification.]*

38 [*(a) To annually compensate all new employees hired by the firm at an average rate of not less than*
39 *150 percent of the county's average annual wage until the end of the tax exemption period. If the zone*
40 *is in more than one county, the county with the highest average annual wage shall be used; and]*

41 [*(b) To meet any additional requirements that the zone sponsor may reasonably request.]*

42 [*(4) Notwithstanding ORS 285B.698 (3)(a), if an urban enterprise zone is located inside a metro-*
43 *politan statistical area with more than 400,000 residents, the sponsor may set a longer period of*
44 *abatement that does not exceed five consecutive assessment years if the qualified business firm agrees*
45 *with the sponsor, in writing at the time of precertification, to meet any additional requirements that the*

1 zone sponsor may reasonably request.]

2 [(5) If a firm is located in an urban enterprise zone situated inside a metropolitan statistical area
3 of more than 400,000 residents, all new employees hired by the firm must meet all additional conditions
4 imposed under ORS 285B.671 (4).]

5 [(6) Notwithstanding ORS 285B.698 (3)(a), if a firm is located in a nonurban enterprise zone, the
6 sponsor may set a period of abatement up to five consecutive assessment years if the qualified business
7 firm agrees with the sponsor, in writing, at the time of precertification:]

8 [(a) To annually compensate all new employees hired by the firm at an average rate of not less than
9 150 percent of the county's average annual wage until the end of the tax exemption period. If the zone
10 is in more than one county, the county with the highest average annual wage shall be used; and]

11 [(b) To meet any additional requirements which the zone sponsor may reasonably request.]

12 [(7) As used in this section, "new employees hired by the firm" includes only those employees en-
13 gaged for a majority of their time in eligible operations. The term does not include individuals em-
14 ployed in a job or position that:]

15 [(a) Is filled for the first time after June 30 of the first tax year of the exemption;]

16 [(b) Existed prior to the submission of the relevant application for precertification; or]

17 [(c) Is performed primarily at locations outside the enterprise zone.]

18 **(2)(a) If a firm has not entered into a first-source hiring agreement when qualified**
19 **property of the firm is first placed in service, as of April 1 preceding the first tax year for**
20 **which the authorized business firm claims an exemption for qualified property under ORS**
21 **285B.698, the zone sponsor shall inform the county assessor that an agreement under this**
22 **section has not been executed.**

23 **(b) A publicly funded job training provider having knowledge of the date when qualified**
24 **property of the firm is first placed in service may also inform the county assessor that an**
25 **agreement under this section has not been executed.**

26 **(3) In accordance with rules adopted by the Economic and Community Development De-**
27 **partment, the Director of the Economic and Community Development Department may**
28 **waive the requirements of subsection (1) of this section for an authorized business firm. The**
29 **rules adopted by the department shall provide for a waiver under this subsection when the**
30 **director finds that:**

31 **(a) The business firm is unable to employ persons referred under the agreement; or**

32 **(b) The waiver would further the goals and purposes of applicable state policies.**

33
34 **EXEMPTION CLAIM PROCEDURES**

35
36 **SECTION 26.** ORS 285B.722 is amended to read:

37 285B.722. (1) After January 1 and [*no later than*] **on or before** April 1 of the assessment year
38 immediately following completion of **the** construction, [*or*] **addition**, modification or [*the*] installation
39 of qualified property, [*a precertified*] **an authorized** business firm may apply for the exemption al-
40 lowed under ORS 285B.698. The application shall be made on a form prescribed by the Department
41 of Revenue and shall be filed with the county assessor. If the property for which exemption is sought
42 is leased by the business firm, the application shall be made by both the owner and the lessee of the
43 property.

44 (2) An application filed under this section shall contain:

45 (a) A statement that[:]

1 [(A)] the business firm satisfies the requirements of ORS 285B.704 as a qualified business
2 firm[;] and

3 [(B) *The business firm*] has been [*precertified*] **authorized** by the enterprise zone sponsor and the
4 county assessor[.] **under ORS 285B.719;**

5 **(b) Information related to the employment of the firm, as of the later of the date of ap-**
6 **plication or April 1 of the assessment year in which the application is filed, that is sufficient**
7 **to determine whether the firm has met the employment requirements in ORS 285B.704; and**

8 [(b)] (c) Any other information required by the Department of Revenue.

9 (3) The business firm shall be prepared to verify the dates on which its application for [*precer-*
10 *tification*] **authorization** was submitted and approved. The statement made pursuant to subsection
11 (2)(a) of this section shall be prima facie evidence that the firm is a qualified business firm.

12 (4) If the assessor determines the property for which exemption is sought satisfies the require-
13 ments of ORS 285B.698, the assessor shall grant the exemption. Thereafter, for each [*assessment*] **tax**
14 year that the property is exempt from taxation, the assessor shall:

15 (a) Enter on the assessment roll, as a notation, the assessed value of the property as if it were
16 not exempt under ORS 285B.698.

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

19 (c) Indicate on the assessment and tax roll that the property is exempt and is subject to poten-
20 tial additional taxes as provided in ORS 285B.728, by adding the notation “enterprise zone exemption
21 (potential additional tax).”

22 (5) If the assessor denies an exemption applied for under this section, the business firm may
23 appeal the denial to the Oregon Tax Court under ORS 305.404 to 305.560.

24 (6) The assessor shall provide copies of each exemption application filed under this section to
25 the enterprise zone sponsor and as directed by the Department of Revenue.

26 (7) If an application required by subsection (1) of this section relates to principal or secondary
27 industrial property as defined [*by*] **in** ORS 306.126, and **the application** is filed with the Department
28 of Revenue within the time required by subsection (1) of this section, the application shall be deemed
29 timely filed with the assessor.

30 **(8)(a) Notwithstanding subsection (1) of this section, an application may be filed under**
31 **this section on or before June 1 of the assessment year for which the exemption is first**
32 **sought if the application is accompanied by a late filing fee equal to the greater of \$200 or**
33 **one-tenth of one percent of the real market value of the qualified property for which the**
34 **application is being filed.**

35 **(b) An exemption may not be granted pursuant to an application filed under this section**
36 **if the application is not accompanied by the late filing fee.**

37 **(c) The value of the property used to determine the late filing fee under this section is**
38 **appealable in the same manner as other determinations of value by the county assessor are**
39 **appealable.**

40 **(d) Any filing fee collected under this section shall be deposited to the county general**
41 **fund.**

42 **(9)(a) Notwithstanding subsection (1) of this section, an application may be filed under**
43 **this section on or before December 31 of the assessment year immediately following com-**
44 **pletion of the construction, addition, modification or installation of qualified property.**

45 **(b) If an application filed under this subsection is approved by the county assessor, the**

1 **qualified property shall be exempt from property taxation only for those tax years that begin**
2 **after the date the application was filed under this subsection and for which the property**
3 **otherwise qualifies for exemption under ORS 285B.650 to 285B.728.**

4 **(10) Applications may be filed under this section as of the dates prescribed in subsections**
5 **(8) and (9) of this section, regardless of any grounds for hardship under ORS 307.475.**

6 **NOTE:** Sections 27 and 28 were deleted by amendment. Subsequent sections were not renum-
7 bered.

8
9 **COMPLIANCE VERIFICATION**

10
11 **SECTION 29. (1) A business firm claiming an exemption under ORS 285B.698 must file,**
12 **on a verification form prescribed by the Department of Revenue, all of the following infor-**
13 **mation:**

14 **(a) Information about employees of the firm within the enterprise zone that consists of:**

15 **(A) The annual average number of employees during the assessment year;**

16 **(B) The total number of employees on December 31 of the previous assessment year;**

17 **(C) The annual average number of employees, averaged over the 12-month period pre-**
18 **ceding the date of application for authorization;**

19 **(D) The highest total number of employees at the end of any assessment year during or**
20 **immediately preceding the year for which the firm received an exemption under ORS**
21 **285B.698; and**

22 **(E) The average annual compensation of new employees hired by the firm, if the firm is**
23 **subject to annual compensation requirements under section 18 (3) of this 2001 Act.**

24 **(b) A statement describing changes in the ownership, lease, location, disposition, opera-**
25 **tion, use or occupancy of the qualified property of the firm or a statement confirming that**
26 **there have been no such changes since the form was filed for the prior assessment year or**
27 **since the authorization application under ORS 285B.719 was filed, whichever occurred later.**

28 **(c) Any information required by the zone sponsor under section 17 or 18 of this 2001 Act.**

29 **(2) The form shall be filed with the zone sponsor and the county assessor after December**
30 **31 and on or before June 30 of the tax year for which an exemption is allowed under ORS**
31 **285B.698. Upon receiving the form, the sponsor shall send a copy of the form to, or otherwise**
32 **confirm that a copy has been received by, the county assessor.**

33 **(3) If a business firm claiming an exemption under ORS 285B.698 fails to file the form**
34 **required under this section by the due date, the assessor shall use the authority provided**
35 **under ORS 285B.728.**

36 **(4) If the zone sponsor or county assessor has reason to question the accuracy or**
37 **veracity of any information contained in a form required under this section, the sponsor or**
38 **the assessor may use the authority provided under ORS 285B.728.**

39 **(5) If the information submitted by a business firm under this section indicates that the**
40 **firm is no longer in compliance with applicable requirements, the information shall be con-**
41 **sidered evidence for purposes of ORS 285B.728.**

42 **(6) The county assessor shall make reasonable and timely efforts to notify a business**
43 **firm that is seeking or receiving an exemption under ORS 285B.698 of the filing requirements**
44 **under this section, but the county assessor and the Department of Revenue are under no**
45 **further obligation to seek or receive information about the continued entitlement of property**

1 **to an exemption under ORS 285B.698.**

2 (7)(a) Notwithstanding subsection (2) of this section, the verification form required by
3 this section may be filed after June 30 of the tax year, if filed on or before December 31
4 following the tax year and accompanied by a late filing fee equal to the greater of \$200 or
5 one-tenth of one percent of the real market value of the qualified property of the business
6 firm, as of the assessment date for the year for which the verification form is being filed.

7 (b) Any filing fee collected under this subsection shall be deposited in the county general
8 fund.

9
10 **DISQUALIFICATION FROM EXEMPTION**

11
12 **SECTION 30.** ORS 285B.728 is amended to read:

13 285B.728. (1) The county assessor of any county in which an enterprise zone is situated [*and*
14 *the*] **or the zone** sponsor shall be notified in writing by the qualified business firm or by the owner
15 of the qualified property leased by the qualified business firm not later than July 1 following the
16 assessment year for which the exemption is claimed [*but*] **and** in which one of the following events
17 occurs:

18 (a) Property granted exemption from taxation under ORS [*285B.722*] **285B.698** is sold, exchanged,
19 transported or otherwise disposed of for use outside the enterprise zone or for use by an ineligible
20 business firm;

21 (b) [*A*] **The** qualified business firm closes or [*substantially curtails the operation of the trade or*
22 *business in which property granted exemption from taxation under ORS 285B.722 is used, except as*
23 *allowed by the zone sponsor*] **so reduces eligible operations that the reduction constitutes a**
24 **substantial curtailment of operations under section 24 of this 2001 Act, unless a substantial**
25 **curtailment of operations is permitted** under ORS 285B.704 (2) [*or (3)*];

26 (c) [*A*] **The** qualified business firm fails to meet any of the [*requirements of*] **qualifications re-**
27 **quired under** ORS 285B.704 [(*2*)(*b*) or (*3*)(*b*)];

28 (d) [*A*] **The** qualified business firm fails to meet any [*of the requirements of ORS 285B.710 (2),*
29 (*3*) or (*6*)] **condition that the firm is required to satisfy under section 17 of this 2001 Act or**
30 **any term of an agreement entered into with the sponsor under section 18 of this 2001 Act**
31 **with which the firm had agreed to comply;**

32 (e) [*A*] **The** qualified business firm [*fails to meet any of the requirements of ORS 285B.710 (4) or*
33 (*5*)] **uses the property to conduct activities in the enterprise zone that are not eligible activ-**
34 **ities; or**

35 (f) [*A qualified business firm or the applicable activity or operation of the firm fails to meet any*
36 *of the requirements of ORS 285B.707 or 285B.713 (2)(f) or (g) after it has received a property tax ex-*
37 *emption for its qualified*] **Property of the qualified business firm for which exemption under ORS**
38 **285B.698 is claimed ceases to be qualified property under ORS 285B.713.**

39 **(2) If the sponsor receives written notice under subsection (1) of this section, the sponsor**
40 **shall immediately send a copy of the notice to the county assessor of the county in which**
41 **the enterprise zone is situated.**

42 [(*2*)(*a*)] **(3)(a)** When an assessor receives written notice under subsection (1) **or (2)** of this sec-
43 tion, the assessor shall disqualify the property for the assessment year following the disqualifying
44 event and 100 percent of the additional taxes calculated under ORS [*285B.722*] **285B.698** shall be
45 assessed against the property for each year for which the property had been granted exemption

1 **under ORS 285B.698.**

2 (b) Notwithstanding paragraph (a) of this subsection, if a qualified business firm fails to meet
3 any of the requirements [*in ORS 285B.710 (3), (4) or (6)*] **of an agreement entered into by the firm**
4 **under section 18 of this 2001 Act** during the exemption, but meets [*the*] **all other applicable** re-
5 quirements [*of ORS 285B.698*] **under ORS 285B.650 to 285B.728** during the first three years of the
6 exemption, the **qualified property of the firm may not be disqualified during the first three**
7 **years of exemption for failure to comply with the requirements of the agreement entered**
8 **into under section 18 of this 2001 Act** [*qualified business firm is entitled to receive the property tax*
9 *exemption allowed under ORS 285B.698 (3)*].

10 (c) The additional taxes assessed under this subsection shall be reduced by the amount, if any,
11 paid by the qualified business firm to the sponsor under subsection (6) of this section for the same
12 property.

13 [*(3) For the purposes of ORS 285B.704 and this section, operation of a business firm shall be*
14 *considered to be substantially curtailed when:*]

15 [*(a) The number of employees within the enterprise zone is reduced at the end of an assessment*
16 *year by more than 85 percent from the highest number of such employees at the end of any assessment*
17 *year during which the business firm received a property tax exemption under ORS 285B.698 or*
18 *285B.710;*]

19 [*(b) The number of employees within the enterprise zone at the end of an assessment year has been*
20 *reduced for a period longer than one year by more than 50 percent from the highest number of such*
21 *employees at the end of any assessment year during which the firm was receiving a property tax ex-*
22 *emption under ORS 285B.698 or 285B.710; or*]

23 [*(c) The average annual number of employees within the enterprise zone is reduced at the end of*
24 *the first assessment year of exemption and any subsequent qualifying years below 110 percent of the*
25 *average annual number of employees at facilities of the firm located within the enterprise zone on the*
26 *date of application for precertification.*]

27 (4) If the qualified business firm or owner fails to give the notice on time or at all as required
28 by subsection (1) of this section, upon discovering the property no longer qualifies for the exemption
29 due to a circumstance described in [*subsections (1) and (3)*] **subsection (1)** of this section, the
30 assessor shall:

31 **(a) Disqualify the property from exemption;**

32 [*(a)*] **(b)** Compute the amount of taxes described in subsection [(2)] **(3)** of this section as though
33 notice had been given, and [*shall*] add to that amount an additional penalty equal to 20 percent of
34 the total amount so computed; and

35 [*(b)*] **(c)** Add the property to the assessment and tax roll without the exemption as if the notice
36 had been given.

37 (5) The amount determined to be due under subsections [(2)] **(3)** and (4) of this section:

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

40 (b) Shall be added to the tax extended against the property on the next general property tax roll
41 to be collected and distributed in the same manner as the remainder of the property taxes.

42 (6)(a) Notwithstanding subsections [(2)] **(3)** and (5) of this section, [*when*] **if** an assessor and
43 sponsor receive notice **from a business firm** under subsection (1)(b), (c), (d) or (e) of this section
44 and the qualified business firm has not closed its operations, the qualified business firm shall pay
45 the sponsor an amount equal to the property taxes for the qualified property in the assessment year

1 for which the exemption is claimed **in lieu of the amounts otherwise due under subsection (3)**
 2 **of this section.**

3 (b) Moneys collected under paragraph (a) of this subsection shall be used by the sponsor to
 4 benefit the residents of the enterprise zone and for the development of jobs, skills and training for
 5 residents of the enterprise zone and the zone's immediate vicinity.

6 (c) This subsection applies only to the first notice **given by the business firm** under subsection
 7 (1)(b), (c), (d) or (e) of this section [*or for the second notice under subsection (1)(b), (c), (d) or (e) of this*
 8 *section in the case of the final year of an exemption lasting a total of five consecutive years under ORS*
 9 *285B.710*].

10 (d) If the sponsor does not receive the full amount to be paid by the qualified business firm un-
 11 der paragraph (a) of this subsection, the assessor shall disqualify the property [*under subsections (2)*
 12 *and (5) of*] **and impose the entire amount of additional taxes as prescribed under subsection**
 13 **(3) of this section.**

14 [*(7) The assessor is at all times authorized to demand by registered or certified mail reports from*
 15 *owners or lessees concerning the use of the qualified property and the employment status of the quali-*
 16 *fied business firm for purposes of this section. If the owner or lessee fails after 60 days' notice in*
 17 *writing by certified mail to comply with such demand, the assessor may disqualify the exemption in*
 18 *accordance with subsection (2) of this section, giving written notice of the disqualification to the De-*
 19 *partment of Revenue and the owners or lessees of the qualified property.*]

20 [*(8) The assessor is under no obligation to verify compliance by qualified business firms with re-*
 21 *quirements imposed under ORS 285B.710 (2), (3)(b), (4), (5) or (6)(b).*]

22 [*(9) The sponsor of an enterprise zone may initiate procedures in order to verify compliance by*
 23 *qualified business firms with requirements imposed under ORS 285B.692 to 285B.728. The procedures*
 24 *may include written requests to the assessor by the local zone manager or an executive official of the*
 25 *sponsoring jurisdiction in which the qualified business firm is located that the assessor exercise au-*
 26 *thority under subsection (7) of this section for a particular qualified business firm.*]

27 [(10)] **(7)** An assessor may not [*impose the property taxes and penalties specified in subsection (4)*
 28 *of*] **disqualify property under** this section for failure by a qualified business firm or an owner of
 29 qualified property leased by the qualified business firm to notify the assessor or the enterprise zone
 30 sponsor that the qualified business firm does not meet requirements **imposed by the zone sponsor**
 31 under [*ORS 285B.710 (2), (3)(b), (4), (5) or (6)(b)*] **section 17 or 18 of this 2001 Act**, without having
 32 received written communication from the zone sponsor that demonstrates that the qualified business
 33 firm does not meet [*such*] **these** requirements.

34 [(11)] **(8)** Additional taxes collected under this section shall be deemed to have been imposed in
 35 the year to which the additional taxes relate.

36 **(9) If property is disqualified from exemption under this section, the assessor shall notify**
 37 **the qualified business firm in writing of the disqualification. The assessor shall provide copies**
 38 **of the disqualification to the zone sponsor, the Department of Revenue and the Economic**
 39 **and Community Development Department. The decision of the assessor to disqualify property**
 40 **under this section may be appealed to the Oregon Tax Court under ORS 305.404 to 305.560.**

41 **SECTION 31. (1) The assessor is at all times authorized to demand reports by registered**
 42 **or certified mail from owners or lessees of qualified property concerning the use of the**
 43 **qualified property and the employment status of the qualified business firm for purposes of**
 44 **ORS 285B.650 to 285B.728. If, after 60 days' notice in writing by registered or certified mail,**
 45 **the owner or lessee fails to comply with such demand, the assessor may disqualify the**

1 **property under ORS 285B.728, giving written notice of the disqualification to the Department**
2 **of Revenue and the owner or lessee of the qualified property.**

3 **(2) The assessor is under no obligation to verify compliance by a qualified business firm**
4 **with requirements imposed on the firm by the zone sponsor under section 17 or 18 of this**
5 **2001 Act.**

6 **(3) The sponsor of an enterprise zone may initiate procedures in order to verify compli-**
7 **ance by qualified business firms with requirements imposed under ORS 285B.650 to 285B.728.**
8 **The procedures may include written requests to the assessor by the local zone manager or**
9 **an executive official of the zone sponsor in which the qualified business firm is located that**
10 **the assessor exercise authority under this section for a particular qualified business firm.**

11
12 **TERMINATION OF ENTERPRISE ZONE**
13

14 **SECTION 32.** ORS 285B.686 is amended to read:

15 285B.686. *[(1) Enterprise zones designated under ORS 284.110 to 284.260 (1987 Replacement Part)*
16 *by order of the Governor before October 3, 1989, are declared valid and shall continue to exist until*
17 *terminated under this section.]*

18 *[(2)]* **(1)** When the termination of an enterprise zone occurs under this section:

19 (a) The termination of the enterprise zone *[shall]* **does** not affect:

20 **(A)** The continuation of a qualified business firm's property tax exemption *[for which the firm*
21 *qualified]* **first allowed** before the effective date of the termination of the enterprise zone*[:];* **or**

22 **(B) The ability of an authorized business firm to claim exemption under ORS 285B.698 if**
23 **the authorization application of the firm was filed with the zone sponsor before the effective**
24 **date of the termination of the zone, and:**

25 **(i) The firm remains authorized at the time the exemption is claimed;**

26 **(ii) The firm completes construction, addition, modification or installation of the qualified**
27 **property within a reasonable time and without interruption of construction, addition, mod-**
28 **ification or installation activity; and**

29 **(iii) The property meets all other requirements for exemption under ORS 285B.698.**

30 (b) *[Notwithstanding ORS 285B.698 (5)(e) and 285B.719 (6),]* A business firm that is currently
31 *[precertified]* **authorized** or qualified in the enterprise zone shall be allowed until 10 years after the
32 effective date of the termination of the enterprise zone to apply for *[precertification]* **authorization**
33 under ORS 285B.719 and subsequently *[for property tax exemptions under ORS 285B.722]* **be granted**
34 **exemption** for any qualified property that is *[located]* **constructed, added, modified or installed**
35 inside the former enterprise zone boundaries, **as those boundaries existed** at the time of termi-
36 nation, and entirely outside of the boundaries of any current enterprise zone. Construction, **addi-**
37 **tion,** modification or *[installation]* **installation** of qualified property must commence prior to the end
38 of *[an exemption of the precertified or qualified business firm under ORS 285B.698 or 285B.710]* **the**
39 **final tax year in which qualified property of the firm is exempt under ORS 285B.698 and must**
40 **be completed** *[in accordance with ORS 285B.719 (5)(b) and (c)]* **within a reasonable time and**
41 **without interruption of construction, addition, modification or installation activity. The**
42 **property must meet all other applicable requirements for exemption under ORS 285B.698.**
43 *[The precertified or qualified business firm must comply with the requirements under ORS 285B.692*
44 *to 285B.728 in effect at the time of the termination of the enterprise zone.]*

45 (c) Disqualification under ORS 285B.728 of *[an entire property tax exemption]* **all exempt prop-**

1 **erty of the business firm** after the **effective** date of the termination of the enterprise zone shall
 2 prohibit and terminate all [*precertifications and qualifying property tax exemptions*] **authorizations**
 3 **sought or obtained by the business firm** that would not otherwise be allowed except for para-
 4 graph (b) of this subsection. **Disqualification under ORS 285B.728 of all exempt property of the**
 5 **business firm on or after the effective date of the termination of the enterprise zone shall**
 6 **cause the assessor to deny any claim for exemption under ORS 285B.698 of qualified property**
 7 **of the business firm made in a subsequent tax year.** [*Such termination shall not result in repay-*
 8 *ment of property taxes exempted before the tax year in which the disqualification takes effect.*]

9 [(3)] (2) An enterprise zone previously designated by order of the Governor or designated by the
 10 Director of the Economic and Community Development Department under ORS 285B.653, 285B.677
 11 or 285B.689 shall terminate when 10 years plus that number of days necessary to delay the date of
 12 termination to the June 30 next following have elapsed since the enterprise zone was originally
 13 designated by order of the Governor or the director.

14 [(4)] (3) An enterprise zone shall terminate prior to the time specified in subsection [(3)] (2) of
 15 this section only as provided in subsection (4) or (5) [*or (6)*] of this section.

16 [(5)] (4) The governing body of the sponsor may submit a resolution requesting termination of
 17 the enterprise zone to the Economic and Community Development Department. The sponsor shall
 18 provide copies of the resolution to the county assessor and the Department of Revenue. After receipt
 19 of the request, the director shall order termination of the enterprise zone and shall specify the ef-
 20 fective date of [*such*] **the** termination.

21 [(6)] (5) If a sponsor is unable or unwilling to carry out its responsibilities under ORS 285B.671,
 22 the director shall order termination of the enterprise zone and shall specify the effective date of
 23 [*such*] **the** termination. However, in the case of failure to provide enhanced local public services,
 24 local incentives or local regulatory flexibility included in the application for designation as an en-
 25 terprise zone or in the resolution under ORS 285B.680 (6), termination is not required if the sponsor
 26 provides **to authorized or qualified business firms** new enhanced local public services, local in-
 27 centives or local regulatory flexibility that [*have similar*] **is of comparable** value, [*as determined by*
 28 *the department, to precertified or qualified business firms*] **or makes reasonable corrections of**
 29 **shortcomings in existing local incentives.** A sponsor may reduce the time within which it will
 30 provide enhanced local public services, local incentives and local regulatory flexibility to a time
 31 period equal to the amount of time allowed for an exemption under ORS 285B.698 [*or 285B.710.*]
 32 without causing termination under this section.

33 **SECTION 33.** ORS 285B.689 is amended to read:

34 285B.689. (1) Within a reasonable period of time prior to the termination of enterprise zones
 35 under ORS 285B.686 [(3)] (2), the Director of the Economic and Community Development Department
 36 shall competitively designate the same number of enterprise zones effective immediately after ter-
 37 mination of the previous enterprise zones. The determination by the director as to the areas desig-
 38 nated as enterprise zones shall be final.

39 (2) When an enterprise zone is terminated under ORS 285B.686 (4) or (5) [*or (6)*], the director
 40 may competitively designate a new enterprise zone. The sponsor of the enterprise zone terminated
 41 under ORS 285B.686 (4) or (5) [*or (6)*] is not eligible to apply for a new enterprise zone, except for
 42 a county government when the terminated zone was also jointly sponsored by one or more cities.

43 (3) Sponsors of existing enterprise zones are eligible to reapply for designation under subsection
 44 (1) of this section.

45 (4) Any city or county may apply to the director for designation of an enterprise zone in ac-

1 cordance with the criteria set forth in ORS 285B.656 and 285B.662. In addition, the Economic and
2 Community Development Department by rule shall determine the minimum level of economic hard-
3 ship in any area to be included within an enterprise zone, any other criteria necessary to evaluate
4 the need for the enterprise zone and the potential for accomplishing the purposes of ORS 285B.650
5 to 285B.728.

6 (5) All enterprise zones designated under this section shall terminate in accordance with ORS
7 285B.686 [(3)] (2).

8 (6) When the director designates enterprise zones under this section, there is no limit on the
9 relative number of urban or nonurban enterprise zones designated.

10 (7) The director may determine when to accept applications for any enterprise zone that termi-
11 nates under subsection (2) of this section or is not designated under subsection (1) of this section
12 for lack of qualified applicants.

13
14 **SUNSET DATE**

15
16 **SECTION 34. Notwithstanding any other provision of ORS 285B.650 to 285B.728:**

17 **(1) An area may not be designated an enterprise zone after June 30, 2009; and**

18 **(2) A business firm may not obtain authorization under ORS 285B.719 after June 30, 2009.**

19
20 **MISCELLANEOUS**

21
22 **SECTION 35. ORS 285B.731 is amended to read:**

23 285B.731. ORS 285B.650 to 285B.728 shall be known and may be cited as the Oregon Enterprise
24 Zone Act [of 1989].

25 **SECTION 36. ORS 311.370 is amended to read:**

26 311.370. (1)(a) For all taxes, penalties and other charges collected by the tax collector under,
27 including, but not limited to, ORS 92.095, 100.110, ~~285B.728~~, 308.260, 308.865, 308A.119, 308A.324,
28 308A.700 to 308A.733, 311.165, 311.415, 311.465, 354.690, 358.525 and 454.225, the tax collector shall
29 issue receipts similar in form to the receipts issued on payment of taxes regularly charged on the
30 tax roll.

31 (b) The assessor shall enter all assessments of property to which paragraph (a) of this subsection
32 applies in the assessment roll and shall make proper entries showing the extension of the taxes in
33 the usual manner and as though no payment to the tax collector had been made.

34 (2) Upon receipt thereof, the tax collector shall deposit with the county treasurer all money
35 collected by the tax collector under subsection (1) of this section. The county treasurer shall issue
36 to the tax collector duplicate receipts for the money and shall hold it in a special account in the
37 name of the tax collector.

38 (3) Upon delivery of the assessment roll pursuant to ORS 311.115, the tax collector shall post
39 the payments evidenced by the receipts, and the amount of any underpayment or overpayment. The
40 tax collector shall then make a statement to the county treasurer which shall specify the amount
41 to be retained in the special account to make the refunds required under subsection (4)(b) of this
42 section. The tax collector shall dispose of the balance in the special account in the same manner
43 as other tax payments.

44 (4) Any sum collected by the tax collector which is in excess of the amount extended on the tax
45 roll as provided in subsection (1)(b) of this section shall be disposed of by the tax collector as fol-

1 lows:

2 (a) Any excess under \$5 shall be paid to the districts in which the taxed property is located in
3 the same manner as interest on taxes is paid to such districts.

4 (b) Any excess of \$5 or over shall be refunded to the taxpayer by the county treasurer upon
5 receiving instructions for doing so from the tax collector. If an amount remains that cannot be re-
6 funded by June 30 of the next calendar year, the tax collector shall instruct the treasurer to dis-
7 tribute the moneys to the taxing districts in the same manner as the excesses are distributed under
8 paragraph (a) of this subsection.

9 (5) If a sum less than the tax charged on the tax roll has been collected, the deficiency shall
10 be canceled by the tax collector if such sum is \$5 or less, and the tax collector shall note upon the
11 tax roll opposite the appropriate account, "Tax deficiency canceled pursuant to ORS 311.370." Oth-
12 erwise, the deficiency shall be collected as provided by law.

13 (6) If an appeal which is perfected under ORS 311.467 for taxes collected under ORS 311.465
14 results in a refund under ORS 311.806, the reimbursement for the refund to the unsegregated tax
15 collections account shall be made from the account provided for in subsection (2) of this section.

16 **SECTION 37. Sections 12, 17, 18, 24, 29, 31 and 34 of this 2001 Act and ORS 285B.705 are**
17 **added to and made a part of ORS 285B.650 to 285B.728.**

18 **SECTION 38.** Section 3c, chapter 1104, Oregon Laws 1999, is amended to read:

19 **Sec. 3c.** (1) If an eligible business firm completes an investment of \$25 million or more in the
20 enterprise zone in qualified property confined entirely within an established operating division of the
21 firm that would be an eligible business firm if it were separately incorporated, the firm may elect
22 to have the division treated as a separate eligible business firm for purposes of applicable require-
23 ments under ORS [285B.692] **285B.650** to 285B.728. The election described in this subsection may
24 only be made with respect to an application for the exemption of qualified property under ORS
25 285B.722 (**1999 Edition**) that was filed on or before January 1, 1999.

26 (2) For purposes of ORS 285B.704 (2) or (3) (**1999 Edition**), if the eligible business firm makes
27 a total investment in the enterprise zone of \$50 million or more in qualified property that initially
28 qualifies for not more than three consecutive years, the governing body of the sponsor may also
29 provide for one or more of the following as documented in the resolution under ORS 285B.704 (**1999**
30 **Edition**):

31 (a) That, notwithstanding ORS 285B.701 (3) or 285B.719 (1) (**both 1999 Edition**), this subsection
32 and the application for precertification **or authorization** includes qualified property in the zone, for
33 which construction, **addition**, modification or installation commenced prior to the application, if the
34 firm is precertified **or authorized** prior to use or occupancy of the qualified property;

35 (b) That the exemption shall be granted without regard to the cost of any portion of the in-
36 vestment that initially qualifies in any single year; or

37 (c) That the firm is not bound by any election under subsection (1) of this section or ORS
38 285B.707 (5) (**1999 Edition**) in effect at the time at which the zone terminated, in the case of a
39 precertification **or authorization** and exemption that is otherwise allowed under ORS 285B.686 (2)
40 (**1999 Edition**).

41 **SECTION 39. (1) The amendments to ORS 285B.695 by section 14 of this 2001 Act apply**
42 **to tax years beginning on or after July 1, 2003.**

43 **(2) Except as provided in subsection (1) of this section, the new provisions of law and**
44 **amendments to existing law made in sections 1 to 38 of this 2001 Act apply to applications**
45 **for authorization made on or after the effective date of this 2001 Act and to tax years be-**

1 **ginning on or after July 1, 2002.**

2 **SECTION 40.** A business firm that is a precertified business firm under ORS 285B.650 to
3 **285B.728 (1999 Edition)** shall constitute an authorized business firm under ORS 285B.650 to
4 **285B.728.** An application for precertification under ORS 285B.719 (1999 Edition) that has not
5 **been approved as of the effective date of this 2001 Act** shall constitute an application for
6 **authorization under ORS 285B.719.**

7 **SECTION 41.** Section 4, chapter 1104, Oregon Laws 1999, is amended to read:

8 **Sec. 4.** Notwithstanding ORS 285B.686 [(2)(b)] **(1)(b)**, [sections 2 and] **section 3c, chapter 1104,**
9 **Oregon Laws 1999,** [of this 1999 Act] and the amendments to ORS 285B.701 and 285B.704 by sections
10 **3 and 3a, chapter 1104, Oregon Laws 1999,** [of this 1999 Act] are effective for any exemption
11 granted under ORS 285B.650 to 285B.728.

12 **SECTION 42.** The unit captions used in this 2001 Act are provided only for the conven-
13 **ience of the reader and do not become part of the statutory law of this state or express any**
14 **legislative intent in the enactment of this 2001 Act.**

15 **SECTION 43.** ORS 285B.716, 285B.723 and 285B.725 and section 22, chapter 1015, Oregon
16 **Laws 1989, sections 31, 32, 33 and 44, chapter 835, Oregon Laws 1997, section 5, chapter 460,**
17 **Oregon Laws 1999, and sections 20 and 26, chapter 1104, Oregon Laws 1999, are repealed.**

18 **SECTION 44.** (1) The repeal of ORS 285B.716 by section 43 of this 2001 Act does not affect
19 **the property tax exemption of qualified property of a business firm operating a hotel, motel**
20 **or destination resort in an enterprise zone if the firm obtained precertification in compliance**
21 **with ORS 285B.716 (1999 Edition).**

22 (2) The repeal of section 44, chapter 835, Oregon Laws 1997, by section 43 of this 2001 Act
23 **does not affect the property tax exemption of qualified property of a business firm that is**
24 **exempt pursuant to an application for exemption filed before the effective date of this 2001**
25 **Act.**