

House Bill 3143

Sponsored by Representative BRUUN; Representatives DALLUM, FARR, FLORES, HUNT, THATCHER

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Eliminates economic hardship requirements that areas must meet to be designated enterprise zones. Eliminates limitation on number of zones that may be designated. Eliminates 10-year maximum duration of zone designation. Allows zone sponsor to establish all requirements for additional two-year period of exemption and permits greater period of time during which agreement establishing additional period of exemption may be executed.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to enterprise zones; creating new provisions; amending ORS 285C.050, 285C.080, 285C.085,
3 285C.090, 285C.115, 285C.120, 285C.130, 285C.160, 285C.165, 285C.220, 285C.245, 285C.250,
4 285C.320 and 285C.353 and section 56, chapter 662, Oregon Laws 2003; and prescribing an ef-
5 fective date.

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

7 **SECTION 1.** ORS 285C.050 is amended to read:

8 285C.050. As used in ORS 285C.050 to 285C.250, unless the context requires otherwise:

9 (1) "Assessment date" and "assessment year" have the meanings given those terms in ORS
10 308.007.

11 (2) "Authorized business firm" means an eligible business firm that has been authorized under
12 ORS 285C.140.

13 (3) "Business firm" means a person operating or conducting one or more trades or businesses
14 but does not include any governmental agency, municipal corporation or nonprofit corporation.

15 (4) "County average annual wage" means:

16 (a) The most recently available average annual covered payroll for the county in which the en-
17 terprise zone is located, as determined by the Employment Department; or

18 (b) If the enterprise zone is located in more than one county, the highest county average annual
19 wage as determined under paragraph (a) of this subsection.

20 (5) "Electronic commerce" means engaging in commercial or retail transactions predominantly
21 over the Internet or a computer network, utilizing the Internet as a platform for transacting busi-
22 ness, or facilitating the use of the Internet by other persons for business transactions, and may be
23 further defined by the Economic and Community Development Department by rule.

24 (6) "Eligible business firm" means a firm engaged in an activity described under ORS 285C.135
25 which may file an application for authorization under ORS 285C.140.

26 (7) "Employee" means a person who works more than 32 hours per week, but does not include
27 a person with a temporary or seasonal job or a person hired solely to construct qualified property.

28 (8) "Enterprise zone" means one of the 30 areas designated or terminated and redesignated by
29 order of the Governor under ORS 284.160 (1987 Replacement Part) before October 3, 1989, one of the

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 [17] areas designated by the Director of the Economic and Community Development Department
 2 under ORS 285C.080, a federal enterprise zone area designated under ORS 285C.085, an area desig-
 3 nated under ORS 285C.250 or a reservation enterprise zone designated under ORS 285C.306.

4 (9) "Federal enterprise zone" means any discrete area wholly or partially within this state that
 5 is designated as an empowerment zone, an enterprise community, a renewal community or some
 6 similar designation for purposes of improving the economic and community development of the area.

7 (10) "First-source hiring agreement" means an agreement between an authorized business firm
 8 and a publicly funded job training provider whereby the provider refers qualified candidates to the
 9 firm for new jobs and job openings in the firm.

10 (11) "In service" means being used or occupied or fully ready for use or occupancy for com-
 11 mercial purposes consistent with the intended operations of the business firm as described in the
 12 application for authorization.

13 (12) "Modification" means modernization, renovation or remodeling of an existing building,
 14 structure or real property machinery or equipment.

15 (13) "New employees hired by the firm":

16 (a) Includes only those employees of an authorized business firm engaged for a majority of their
 17 time in eligible operations.

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

19 (A) Is created and first filled after December 31 of the first tax year in which qualified property
 20 of the firm is exempt under ORS 285C.175;

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

22 (C) Is performed primarily at a location outside of the enterprise zone.

23 (14) "Nonurban enterprise zone" means:

24 (a) An enterprise zone located in an area of this state in which an urban enterprise zone could
 25 not be located; or

26 (b) A reservation enterprise zone designated under ORS 285C.306.

27 (15) "Publicly funded job training provider" includes but is not limited to a community college,
 28 a service provider under the federal Workforce Investment Act Title I-B (29 U.S.C. 2801 et seq.), or
 29 a similar program.

30 (16) "Qualified business firm" means a business firm described in ORS 285C.200, the qualified
 31 property of which is exempt from property tax under ORS 285C.175.

32 (17) "Qualified property" means property described under ORS 285C.180.

33 (18) "Sparsely populated county" means a county with a density of 100 or fewer persons per
 34 square mile, based on the most recently available population figure for the county from the Portland
 35 State University Center for Population Research and Census.

36 (19) "Sponsor" means:

37 (a) The city or county, or any combination of cities or counties, that received approval of an
 38 enterprise zone under ORS 284.150 and 284.160 (1987 Replacement Part), under ORS 285C.065 and
 39 285C.075, under ORS 285C.085 or under ORS 285C.250;

40 (b) The tribal government, in the case of a reservation enterprise zone; or

41 (c) A city or county that joined the enterprise zone through a boundary change under ORS
 42 285C.115 (7).

43 (20) "Tax year" has the meaning given that term in ORS 308.007.

44 (21) "Urban enterprise zone" means an enterprise zone in a metropolitan statistical area, as
 45 defined by the most recent federal decennial census, that is located inside a regional or metropolitan

1 urban growth boundary.

2 (22) "Year" has the meaning given that term in ORS 308.007.

3 **SECTION 2.** Section 56, chapter 662, Oregon Laws 2003, is amended to read:

4 **Sec. 56.** (1) The repeal of ORS 285B.716 by section 55, **chapter 662, Oregon Laws 2003**, [of this
5 2003 Act] does not affect the property tax exemption of qualified property of a business firm oper-
6 ating a hotel, motel or destination resort in an enterprise zone in which the business firm is eligible
7 under ORS 285B.716 prior to [the effective date of this 2003 Act] **November 26, 2003**, and any such
8 enterprise zone shall be treated as one for which the sponsor has elected under [section 17 of this
9 2003 Act] **285C.070** to treat a business firm engaged in hotel, motel or destination resort operations
10 as an eligible business firm.

11 (2) The repeal of ORS 285B.726 by section 55, **chapter 662, Oregon Laws 2003**, [of this 2003
12 Act] does not affect the property tax exemption of qualified property of a business firm that is ex-
13 empt pursuant to an application for exemption filed before [the effective date of this 2003 Act] **No-**
14 **vember 26, 2003.**

15 (3) The repeal of section 4, chapter 460, Oregon Laws 1999, by section 55, **chapter 662, Oregon**
16 **Laws 2003**, [of this 2003 Act] does not affect [the 10] additional enterprise zones designated under
17 ORS [285B.653] **285C.080** in accordance with section 4 (1) to (3), chapter 460, Oregon Laws 1999.

18 **SECTION 3.** ORS 285C.080 is amended to read:

19 285C.080. (1) The Director of the Economic and Community Development Department may ap-
20 prove the designation of [up to 17 areas as nonurban] **areas as** enterprise zones as provided in ORS
21 285C.065 and 285C.075.

22 (2) Areas designated as enterprise zones under this section [shall be] **are** in addition to the 30
23 areas designated or redesignated as enterprise zones by order of the Governor under ORS 284.160
24 (1987 Replacement Part) before October 3, 1989, areas redesignated under ORS 285C.250, areas des-
25 ignated under ORS 285C.085 and areas designated under ORS 285C.306.

26 **SECTION 4.** ORS 285C.085 is amended to read:

27 285C.085. (1) The Economic and Community Development Department shall be the lead agency
28 for state participation in a federal enterprise zone program. The Director of the Economic and
29 Community Development Department may take action necessary for such participation to the extent
30 allowed by state law.

31 (2) Any area designated as a federal enterprise zone by an agency of the federal government
32 may be designated as a state enterprise zone by the director at the request of a city or county
33 within whose jurisdiction some or all of the federal enterprise zone is located, without regard to any
34 limitation contained in ORS 285C.090.

35 (3) The boundary of an existing state enterprise zone may be amended by the director at the
36 request of the sponsor to include the entire area of a federal enterprise zone without regard to ORS
37 285C.115 (2). [A change in the boundary of an existing state enterprise zone under this subsection does
38 not change the termination date of the enterprise zone under ORS 285C.245 (2).]

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

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

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

44 (5) The termination under federal law of a federal enterprise zone does not affect the existence
45 or dimensions of a state enterprise zone, except when, as determined by the director, the termination

1 is for nonperformance or for violations of federal guidelines.

2 **SECTION 5.** ORS 285C.090 is amended to read:

3 285C.090. [(1) A proposed enterprise zone must be located in a local area in which:]

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

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

11 [(c) The Economic and Community Development Department determines on a case-by-case basis
12 using evidence provided by the cities or counties applying for designation of the proposed enterprise
13 zone that there exists a level of economic hardship at least as severe as that described in paragraph
14 (a) or (b) of this subsection. Such evidence shall be based on the most recently available data from of-
15 ficial sources and may include, but is not limited to, a contemporary decline of the population in the
16 proposed enterprise zone, the percentage of persons in the proposed enterprise zone below the poverty
17 level relative to the percentage of the entire population of this state below the poverty level or the un-
18 employment rate for the county or counties in which the proposed enterprise zone is located.]

19 [(2)] (1) An enterprise zone must consist of a total area of not more than 12 square miles in size.
20 The area of the zone shall be calculated by excluding that portion of the zone that lies below the
21 ordinary high water mark of a navigable body of water.

22 [(3)] (2) Except as provided in subsection [(4)] (3) of this section:

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

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

26 [(4)] (3) Unconnected areas of a nonurban enterprise zone may not be more than 15 miles apart
27 when an unconnected area is entirely within a sparsely populated county, and the zone:

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

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

32 [(5)] (4) This section does not apply to the designation or redesignation of a reservation enter-
33 prise zone.

34 **SECTION 6.** ORS 285C.115 is amended to read:

35 285C.115. (1) The sponsor of an enterprise zone may submit a request to the Economic and
36 Community Development Department to change the boundary of the enterprise zone. A request shall
37 include:

38 (a) A copy of the resolution of the governing body of the sponsor requesting the change;

39 (b) If subsection (7) of this section applies, a copy of the resolution described in subsection (7)
40 of this section;

41 (c) A map clearly indicating the existing boundary and the proposed change thereto;

42 (d) A legal description of each area to be withdrawn from or added to the existing enterprise
43 zone; and

44 (e) Other information required by the department.

45 (2) The amended enterprise zone shall:

1 (a) Add land zoned for use by eligible business firms that has or will have infrastructure facili-
 2 ties, road access, on-site water, on-site sewage disposal and necessary utility services;

3 (b) Continue to include any authorized business firms within the enterprise zone;

4 [(c) Add residential areas or nonresidential areas that are adjacent to residential areas only if the
 5 level of economic hardship in the areas to be added is at least as severe as the conditions that existed
 6 at the time the original enterprise zone was designated or that currently exist in the original enterprise
 7 zone;]

8 [(d)] (c) Retain at least 50 percent of the lands in the original enterprise zone; and

9 [(e)] (d) Meet the applicable total area and greatest distance requirements set forth in ORS
 10 285C.090.

11 (3) If the enterprise zone is a reservation enterprise zone and the land to be added to the zone
 12 is not described in ORS 285C.306, the request for a boundary change, and the resulting boundary
 13 of the zone, must fully satisfy the provisions of this section.

14 (4) A request under subsection (1) of this section may include a proposal to:

15 (a) Remove only the land that is residential or not zoned or available for use by eligible business
 16 firms; or

17 (b) Change the name of the enterprise zone.

18 (5) The boundary of an urban enterprise zone may not be modified to include land located out-
 19 side a regional or metropolitan urban growth boundary.

20 (6) A request to modify the boundary of a nonurban enterprise zone to include land located
 21 outside an urban growth boundary shall satisfy the requirements of subsections (1) and (2) of this
 22 section and shall satisfy any other criteria that the department may adopt by rule.

23 (7) If an area to be added to an enterprise zone is under the jurisdiction of a city or county that
 24 is not a sponsor of the enterprise zone, the governing body of that city or county shall submit a
 25 resolution requesting the change and requesting that the city or county become a sponsor. The re-
 26 solution of the joining city or county shall be submitted jointly with the resolution adopted by the
 27 governing body of the existing sponsor. The resolution of the city or county may:

28 (a) Include a binding proposal for enhanced local public services, local incentives or local reg-
 29 ulatory flexibility to be effective within the portion of the enterprise zone to be under the jurisdic-
 30 tion of that city or county; or

31 (b) Include a restriction described in ORS 285C.070 (4). A restriction made under this paragraph
 32 may be made without regard to the time limitation described in ORS 285C.070 (4)(c) and becomes
 33 final on the effective date of the boundary change.

34 (8) The department shall review the request for a boundary change. If the request is incomplete
 35 or does not satisfy the requirements of this section, the department shall seek additional information
 36 as necessary or shall return the request to the sponsor. If the request is returned, the sponsor may
 37 submit a revised request at any time. If the request is complete and does satisfy the requirements
 38 of this section, the Director of the Economic and Community Development Department shall order
 39 a change in the boundary of an enterprise zone based on the request of the sponsor and specify the
 40 effective date of the boundary change, which may not be earlier than the receipt of a completed
 41 request.

42 [(9) A change in the boundary of an enterprise zone under this section does not change the termi-
 43 nation date of the enterprise zone under ORS 285C.245 (2).]

44 **SECTION 7.** ORS 285C.120 is amended to read:

45 285C.120. (1) If the population density of a county increases to more than 100 persons per square

1 mile, so that the county is no longer a sparsely populated county, any existing nonurban enterprise zone located wholly or partly within that county that was designated or that had its zone boundary changed shall continue to exist with that zone boundary until terminated. A boundary change under ORS 285C.115 that is subsequent to the date on which the county ceases to be a sparsely populated county may not add an area to the zone that:

6 (a) Is a separate area farther than five miles from the nearest point on the existing boundary;

7 (b) Increases the distance between the two points in the zone that are the farthest apart; or

8 (c) Creates a new line of distance to the farthermost opposite point in the zone that is longer than the greatest distance between any two existing points in the zone.

10 (2) An applicant for designation under ORS 285C.065 or a sponsor requesting a change to a nonurban enterprise zone under ORS 285C.115 in a sparsely populated county may seek a waiver of the distance limitations imposed on the zone under ORS 285C.090 [(4)] (3). The Director of the Economic and Community Development Department shall grant all or part of the waiver if:

14 (a) The proposed designation is to be made or the proposed boundary change satisfies all other requirements for a boundary change under ORS 285C.115; and

16 (b) The director determines, consistent with rules adopted by the Economic and Community Development Department, that designation of a separate enterprise zone is not a practical option under the particular circumstances, that the overall distances involved can be effectively administered and that the waiver will further the goals and purposes of ORS 285C.050 to 285C.250.

20 **SECTION 8.** ORS 285C.130 is amended to read:

21 285C.130. The assessor of a county within which an enterprise zone is located shall:

22 (1) Assist the sponsor, the local zone manager appointed by the sponsor and business firms in determining whether property will qualify for a property tax exemption under ORS 285C.175.

24 (2) Review and approve or deny applications from eligible business firms for authorization under ORS 285C.140.

26 (3) Process claims for property tax exemptions filed under ORS 285C.220 and exempt the qualified property of authorized business firms from ad valorem property taxation in accordance with ORS 285C.050 to 285C.250.

29 (4) Take action necessary under ORS 285C.240.

30 (5) Submit a written report to the Department of Revenue on or before July 1 of each assessment year. The report for each enterprise zone, or portion of a zone that is located in the county, shall include the following information, organized by business firm:

33 (a) The assessor's estimate of the assessed value of qualified property that was exempt under ORS 285C.175 for the previous tax year and the taxes that would have been imposed on the qualified property, as entered on the assessment and tax roll under ORS 285C.175 (7).

36 (b) The annual average number of employees of the firm within the enterprise zone during the previous assessment year, as reported on the exemption claim filed under ORS 285C.220.

38 [(c) *The annual average 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 compensation requirements of ORS 285C.160 (3), as reported on the exemption claim filed under ORS 285C.220.*]

41 [(d)] (c) The assessor's estimate of the assessed value, for the current tax year, of qualified property that was exempt under ORS 285C.175 for the previous tax year and that is not exempt under ORS 285C.175 for the current tax year.

44 [(e)] (d) The total investment cost of qualified property first reported on the exemption claim filed under ORS 285C.220 that includes a property schedule submitted by the business firm pursuant

1 to ORS 285C.225 for the current tax year.

2 [(f)] (e) The current number of employees of the firm, as reported on the exemption claim filed
3 under ORS 285C.220 and described in paragraph [(e)] (d) of this subsection.

4 [(g)] (f) Any other information the assessor or the Department of Revenue considers appropriate.

5 (6) Send a copy of a report prepared under subsection (5) of this section to the sponsor of the
6 enterprise zone and to the Economic and Community Development Department.

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

8 285C.160. (1) An eligible business firm seeking authorization under ORS 285C.140, **an author-**
9 **ized business firm or a qualified business firm may enter into a written agreement with**
10 *[and]* the sponsor of the enterprise zone in which the firm intends to invest **or has invested**, *[may*
11 *enter into a written agreement]* **in order** to extend the period during which the qualified property is
12 exempt from taxation under ORS 285C.175 if the firm complies with the terms of the agreement.

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

15 (3) In order for an agreement under this section to extend the period of exemption, the agree-
16 ment must be executed *[on or before the date on which the firm is authorized,]* **prior to the close**
17 **of the last tax year described in ORS 285C.175 (2)(a) for which any property of the firm is**
18 **exempt under ORS 285C.175. The agreement shall set forth [and:]**

19 *[(a) If the enterprise zone is a nonurban enterprise zone or an urban enterprise zone located inside*
20 *a metropolitan statistical area of fewer than 400,000 residents, the agreement must require that the firm*
21 *meet both of the following:]*

22 *[(A) Annually compensate all new employees hired by the firm at an average rate of not less than*
23 *150 percent of the county average annual wage for each assessment year during the tax exemption pe-*
24 *riod, as determined at the time of authorization.]*

25 *[(B)] any additional requirement that the sponsor may reasonably request **for the additional***
26 **period of exemption.**

27 *[(b) If the enterprise zone is an urban enterprise zone located inside a metropolitan statistical area*
28 *of 400,000 residents or more, the agreement must require that the firm meet any additional requirement*
29 *the sponsor may reasonably require.]*

30 *[(4) If a firm enters into an agreement under this section that includes a compensation requirement*
31 *under subsection (3)(a)(A) of this section and the firm subsequently submits one or more statements of*
32 *continued intent under ORS 285C.165, notwithstanding the terms of the agreement made under this*
33 *section, for each statement of continued intent submitted, the county average annual wage under sub-*
34 *section (3)(a)(A) of this section shall be adjusted to a level that is current with the statement.]*

35 **SECTION 10.** ORS 285C.165 is amended to read:

36 285C.165. (1) In the case of an authorized business firm that has not yet claimed the exemption
37 under ORS 285C.175 on qualified property:

38 (a) After the January 1, but on or before the April 1, that first occurs more than two years after
39 the application for authorization is approved, an authorized business firm shall submit a written
40 statement to both the sponsor and the county assessor attesting to the firm's continued intent to
41 complete the proposed investment and seek the enterprise zone exemption. The statement may in-
42 clude significant changes to the descriptions and estimates of anticipated qualified property or em-
43 ployment. *[If the firm is subject to a compensation requirement under ORS 285C.160 (3)(a)(A), the*
44 *statement shall acknowledge that the applicable county average annual wage in the agreement is up-*
45 *dated to equal the level that is current with the statement.]*

1 (b) Every two years after the submission of a statement described in paragraph (a) of this sub-
 2 section, the firm shall submit another such statement. The statement must be submitted after Janu-
 3 ary 1, but on or before April 1 of that year.

4 (2) If the firm fails to submit a statement required under subsection (1) of this section, the au-
 5 thorization of the firm shall be considered inactive. An inactive authorized business firm may claim
 6 the exemption under ORS 285C.175 only as provided under subsection (3) of this section.

7 (3)(a) An inactive authorized business firm may file an exemption claim under ORS 285C.220 only
 8 if the claim includes a filing fee equal to the greater of \$200 or one-tenth of one percent of the real
 9 market value of the qualified property listed in the property schedule that is filed with the claim.

10 (b) The filing fee required under this subsection is in addition to and not in lieu of any other
 11 required filing fee.

12 (c) An exemption under ORS 285C.175 may not be granted if the filing fee does not accompany
 13 the claim.

14 (d) The real market value of the property used to determine the filing fee under this subsection
 15 may be appealed in the same time and manner as other determinations of value made by the assessor
 16 are appealed.

17 (e) Any filing fee collected under this subsection shall be deposited to the county general fund.

18 *[(4) If an inactive authorized business firm is subject to a compensation requirement under ORS*
 19 *285C.160 (3)(a)(A) and files a claim for exemption under ORS 285C.220 in the manner prescribed in*
 20 *subsection (3) of this section, notwithstanding the terms of the agreement executed under ORS 285C.160,*
 21 *the applicable county average annual wage shall be updated to equal the level that is current with the*
 22 *date of the filing of the claim.]*

23 *[(5)]* (4) This section applies only until the enterprise zone is terminated. Following zone termi-
 24 nation, ORS 285C.245 applies.

25 **SECTION 11.** ORS 285C.220 is amended to read:

26 285C.220. (1)(a) After January 1 and on or before April 1 of the assessment year immediately
 27 following the year in which qualified property in an enterprise zone is placed in service, and of each
 28 assessment year thereafter for which an exemption is sought, an authorized business firm may file
 29 a claim for the exemption allowed under ORS 285C.175.

30 (b) The claim shall be made by completing a form prescribed by the Department of Revenue and
 31 by filing the form with the county assessor. The firm shall furnish a copy of the claim to the sponsor.

32 (c) The firm shall also file a form described in this subsection after the final assessment year
 33 of the exemption period.

34 (2) A claim filed under this section shall contain all of the following:

35 (a) A statement that:

36 (A) The business firm satisfies the requirements of ORS 285C.200 as a qualified business firm;
 37 and

38 (B) The business firm has been authorized by the enterprise zone sponsor and the county
 39 assessor and has satisfied any commitments made in the firm's application for authorization or made
 40 as a condition of authorization. The date the application for authorization was submitted and ap-
 41 proved shall be set forth in the statement.

42 (b) A statement confirming the continued eligibility of the firm under ORS 285C.135 or explain-
 43 ing any change in eligibility.

44 (c) A schedule setting forth the following employment data:

45 (A) The number of employees of the firm within the enterprise zone on the date the claim is filed

1 under this section or April 1, whichever is earlier;

2 (B) The annual average number of employees of the firm within the enterprise zone during the
3 preceding assessment year; and

4 (C) The annual average number of employees of the firm within the enterprise zone, averaged
5 over the 12-month period preceding the date of the application for authorization.

6 [(d) *The annual average compensation for the previous assessment year of new employees hired by*
7 *the firm within the enterprise zone, but only if:*]

8 [(A) *The firm is subject to annual compensation requirements under ORS 285C.160; and]*

9 [(B) *The claim is filed for a year that is not the first year for which a claim is filed under this*
10 *section.*]

11 [(e) (d) Any attachments required under ORS 285C.225.

12 [(f) (e) For any qualified property listed on a property schedule included in a claim filed for a
13 previous assessment year and that continues to be exempt for the current assessment year:

14 (A) Confirmation that there has been no change in the ownership, lease, location, disposition,
15 operation, use or occupancy of the property; or

16 (B) In the case of a change in the ownership, lease, location, disposition, operation, use or oc-
17 cupancy of the property, an explanation of the change.

18 [(g) (f) Any other information required by the Department of Revenue.

19 (3) The business firm shall be prepared to verify any information set forth in a claim filed under
20 this section. The statement made pursuant to subsection (2)(a) of this section shall be prima facie
21 evidence that the firm is a qualified business firm.

22 (4) If the assessor determines the property for which exemption is sought satisfies the require-
23 ments of ORS 285C.175, the assessor shall grant the exemption for the tax year beginning July 1.

24 (5) The assessor shall provide copies of each claim for exemption filed under this section as di-
25 rected by the Department of Revenue.

26 (6) If a claim for exemption relates to principal or secondary industrial property as defined by
27 ORS 306.126 and is filed with the Department of Revenue within the time required by subsection (1)
28 of this section, the claim shall be deemed timely filed with the assessor. The Department of Revenue
29 shall send a copy of the filed claim to the assessor.

30 (7)(a) Notwithstanding subsection (1) of this section, a claim may be filed under this section on
31 or before June 1 of the assessment year if:

32 (A) The claim includes qualified property that, pursuant to ORS 285C.225, is required to be listed
33 on a property schedule included with the claim form because the year for which the claim is being
34 filed is the first year for which the property is exempt under ORS 285C.175; and

35 (B) The claim is accompanied by a late filing fee equal to the greater of \$200 or one-tenth of
36 one percent of the real market value of the qualified property listed on the property schedule ac-
37 companying the claim.

38 (b) An exemption may not be granted pursuant to a claim filed under this subsection if the claim
39 is not accompanied by the late filing fee.

40 (8)(a) Notwithstanding subsection (1) of this section, a claim may be filed under this section on
41 or before August 31 of the assessment year if:

42 (A) The claim does not include qualified property that, pursuant to ORS 285C.225, is required
43 to be listed on a property schedule included with the claim; and

44 (B) The claim is accompanied by a late filing fee equal to the greater of:

45 (i) \$200; or

1 (ii) One-fiftieth of one percent of the real market value of the qualified property of the business
 2 firm multiplied by the number of 30-day periods from April 1 of the assessment year until the date
 3 the claim is filed. A period of less than 30 days shall constitute a 30-day period for purposes of this
 4 subparagraph.

5 (b) An exemption may not be granted pursuant to a claim filed under this subsection if the claim
 6 is not accompanied by the late filing fee.

7 (9) The value of the property used to determine the late filing fees under this section is
 8 appealable in the same manner as other determinations of value by the county assessor are
 9 appealable.

10 (10)(a) Notwithstanding subsection (1) of this section, a claim may be filed under this section on
 11 or before April 1 following the assessment year after the year in which the qualified property was
 12 placed in service.

13 (b) If a claim filed under this subsection is approved by the county assessor, the qualified prop-
 14 erty shall be exempt from property taxation only for those tax years that begin after the date the
 15 claim was filed under this subsection and for which the property otherwise qualifies for exemption
 16 under ORS 285C.050 to 285C.250.

17 (11) Any filing fee collected under this section shall be deposited to the county general fund.

18 (12) A claim may be filed under this section as of the dates prescribed in subsections (7), (8) and
 19 (10) of this section, regardless of any grounds for hardship under ORS 307.475.

20 **SECTION 12.** ORS 285C.245 is amended to read:

21 285C.245. (1) When the termination of an enterprise zone occurs under this section:

22 (a) The termination of the enterprise zone does not affect:

23 (A) The continuation of a qualified business firm's property tax exemption first allowed before
 24 the effective date of the termination of the enterprise zone; or

25 (B) The ability of an authorized business firm to claim exemption under ORS 285C.175 if:

26 (i) The authorization application of the firm was filed with the sponsor before the effective date
 27 of the termination of the zone;

28 (ii) The firm remains authorized at the time the exemption is claimed;

29 (iii) The firm completes construction, addition, modification or installation of the qualified
 30 property within a reasonable time and without interruption of construction, addition, modification
 31 or installation activity; and

32 (iv) The property meets all other applicable requirements for exemption under ORS 285C.175.

33 (b) A business firm that is currently authorized or qualified in the enterprise zone shall be al-
 34 lowed until 10 years after the effective date of the termination of the enterprise zone to apply for
 35 authorization under ORS 285C.140 and to subsequently claim the exemption for any qualified prop-
 36 erty that is constructed, added, modified or installed inside the former enterprise zone boundaries,
 37 as those boundaries existed at the time of termination, and entirely outside of the boundaries of any
 38 current enterprise zone. Construction, addition, modification or installation of qualified property
 39 must commence prior to the end of the final tax year in which qualified property of the firm is ex-
 40 empt under ORS 285C.175 and must be completed within a reasonable time and without interruption
 41 of construction, addition, modification or installation activity. The property must meet all other ap-
 42 plicable requirements for exemption under ORS 285C.175.

43 (c) Disqualification under ORS 285C.240 of all exempt property of the business firm after the
 44 effective date of the termination of the enterprise zone shall prohibit and terminate all authori-
 45 zations sought or obtained by the business firm that would not otherwise be allowed except for

1 paragraph (b) of this subsection. Disqualification under ORS 285C.240 of all exempt property of the
 2 business firm on or after the effective date of the termination of the enterprise zone shall cause the
 3 assessor to deny any claim for exemption under ORS 285C.175 of qualified property of the business
 4 firm made in a subsequent tax year.

5 *[(2) An enterprise zone designated by the Director of the Economic and Community Development*
 6 *Department under ORS 285C.080, 285C.085 or 285C.250 shall terminate when 10 years plus that num-*
 7 *ber of days necessary to delay the date of termination to the June 30 next following have elapsed since*
 8 *the enterprise zone was originally designated.]*

9 *[(3) An enterprise zone designated by the director under ORS 285C.080, 285C.085 and 285C.250*
 10 *shall terminate prior to the time specified in subsection (2) of this section only as provided in sub-*
 11 *sections (4) to (6) of this section.]*

12 *[(4)] (2) The governing body of the sponsor may submit a resolution requesting termination of*
 13 *the enterprise zone to the Economic and Community Development Department. The sponsor shall*
 14 *provide copies of the resolution to the county assessor and the Department of Revenue. After receipt*
 15 *of the request, the director shall order termination of the enterprise zone and shall specify the ef-*
 16 *fective date of the termination.*

17 *[(5)] (3) If a sponsor is unable or unwilling to carry out its responsibilities under ORS 285C.105,*
 18 *the director shall order termination of the enterprise zone and shall specify the effective date of the*
 19 *termination. However, in the case of failure to provide enhanced local public services, local incen-*
 20 *tives or local regulatory flexibility included in the application for designation as an enterprise zone*
 21 *or in the resolution under ORS 285C.115 (7), termination is not required if the sponsor provides to*
 22 *authorized or qualified business firms new enhanced local public services, local incentives or local*
 23 *regulatory flexibility that is of comparable value, or makes reasonable corrections of shortcomings*
 24 *in existing local incentives. A sponsor may reduce the time within which it will provide enhanced*
 25 *local public services, local incentives and local regulatory flexibility to a time period equal to the*
 26 *amount of time allowed for an exemption under ORS 285C.175 without causing termination under*
 27 *this section.*

28 *[(6)] (4) An enterprise zone designated on or after January 1, 2004, shall terminate if no qualified*
 29 *business firm has located within the zone by December 31 following the date that is six years after*
 30 *the date the zone was designated.*

31 *[(7) A reservation enterprise zone designated under ORS 285C.306 shall terminate in accordance*
 32 *with subsection (2) of this section, but may be redesignated at any time under ORS 285C.306.]*

33 **SECTION 13.** ORS 285C.250 is amended to read:

34 *285C.250. [(1) Within a reasonable period of time prior to the termination of enterprise zones under*
 35 *ORS 285C.245 (2), the Director of the Economic and Community Development Department shall*
 36 *competitively designate the same number of enterprise zones effective immediately after termination of*
 37 *the previous enterprise zones. The determination by the director as to the areas designated as enterprise*
 38 *zones shall be final.]*

39 *[(2)] (1) When an enterprise zone is terminated under ORS [285B.686 (4) to (6)] **285C.245**, the*
 40 *director may competitively designate a new enterprise zone. The sponsor of the enterprise zone*
 41 *terminated under ORS 285C.245 [(4) or (5)] is not eligible to apply for a new enterprise zone, except*
 42 *for a county government when the terminated zone was also jointly sponsored by one or more cities.*

43 *[(3) Sponsors of existing enterprise zones that are due to terminate may reapply for designation*
 44 *under subsection (1) of this section.]*

45 *[(4)] (2) Any city or county may apply to the director for designation of an enterprise zone in*

1 accordance with the criteria set forth in ORS 285C.065 and 285C.090. In addition, the Economic and
 2 Community Development Department by rule *[shall determine the minimum level of economic hardship*
 3 *in any area to be included within an enterprise zone, any other]* **may establish** criteria necessary to
 4 evaluate the need for the enterprise zone and the potential for accomplishing the purposes of ORS
 5 285C.050 to 285C.250.

6 *[(5) All enterprise zones designated under this section shall terminate in accordance with ORS*
 7 *285C.245 (2).]*

8 *[(6) When the director designates enterprise zones under this section, there is no limit on the rela-*
 9 *tive number of urban or nonurban enterprise zones designated.]*

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

13 **SECTION 14.** ORS 285C.320 is amended to read:

14 285C.320. (1) A reservation enterprise zone shall be considered to be a nonurban enterprise zone
 15 for purposes of ORS 285C.050 to 285C.250. The tribal government of the reservation shall be con-
 16 sidered to be the sponsor of the reservation enterprise zone.

17 (2) Reservation enterprise zones may not be taken into account in determining the number of
 18 nonurban enterprise zones allowable in this state under ORS 285C.050 to 285C.250[, *and are not*
 19 *subject to numerical limitation under ORS 285C.050 to 285C.250].*

20 (3) In order for property within a reservation enterprise zone to be exempt under ORS 285C.175,
 21 the business firm and property must meet all of the requirements applicable to business firms and
 22 property in any nonurban enterprise zone.

23 (4) As used in this section, “business firm” has the meaning given that term in ORS 285C.050.

24 **SECTION 15.** ORS 285C.353 is amended to read:

25 285C.353. (1) A rural county, a city in a rural county or a combination of contiguous rural
 26 counties may apply to the Director of the Economic and Community Development Department for
 27 designation of the entire territory of the applicant as a rural renewable energy development zone.

28 (2) An application for designation of a rural renewable energy development zone shall be in such
 29 form and shall contain such information as the Economic and Community Development Department
 30 prescribes by rule. The application shall include a copy of the resolution of the governing body of
 31 each city or rural county that constitutes the applicant that states that the city or county seeks
 32 rural renewable energy development zone designation.

33 (3) The director shall approve designation of the territory of the applicant as a rural renewable
 34 energy development zone if:

35 (a) The area consists of territory in a rural county or is two or more contiguous rural counties;
 36 and

37 (b) The area would qualify for enterprise zone designation, without regard to *[any applicable*
 38 *numerical limitation on enterprise zones or to]* ORS 285C.090.

39 (4)(a) The designation of an area as a rural renewable energy development zone authorizes the
 40 exemption of up to \$100 million in real market value of property described in ORS 285C.359 that
 41 meets the requirements for exemption under ORS 285C.362.

42 (b) An applicant may seek subsequent additional designations under this section. An application
 43 for additional designation shall be made in the same manner as an application for initial designation,
 44 and shall be approved by the director if the application for additional designation meets the quali-
 45 fications for designation under subsection (3) of this section.

1 (c) Each additional designation approved under this section authorizes the exemption of an ad-
2 ditional \$100 million in real market value of property described in ORS 285C.359 that meets the re-
3 quirements for exemption under ORS 285C.362.

4 (5) If an application for designation was made by one city or county, that city or county shall
5 serve as sponsor of the rural renewable energy development zone. If the application for designation
6 was made by two or more rural counties, the application shall identify which county shall serve as
7 the sponsor of the zone.

8 **SECTION 16. The amendments to ORS 285C.130, 285C.160, 285C.165 and 285C.220 by**
9 **sections 8 to 11 of this 2005 Act do not affect the requirements of an agreement entered into**
10 **under ORS 285C.160 prior to the effective date of this 2005 Act.**

11 **SECTION 17. This 2005 Act takes effect on the 91st day after the date on which the**
12 **regular session of the Seventy-third Legislative Assembly adjourns sine die.**

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