

D-Engrossed
House Bill 2234

Ordered by the Senate July 13
Including House Amendments dated March 15 and May 5 and June 3 and
Senate Amendments dated July 13

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Governor Theodore R. Kulongoski for Economic and Community Development Department)

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.

Increases number of enterprise zones that may be designated for electronic commerce.

Extends period during which business firm may obtain certification for facilities in nonurban enterprise zones.

Applies to applications for electronic commerce designation filed on or after July 1, 2006.

Modifies distribution of funds to local taxing districts in which long term enterprise zone facilities are located and for which taxpayer owning facilities is allowed tax credit.

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.095, 285C.406, 317.125 and
3 317.131; and prescribing an effective date.

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

5 **SECTION 1.** ORS 285C.095 is amended to read:

6 285C.095. (1) A sponsor of an existing enterprise zone may seek to have the zone designated for
7 electronic commerce under this section.

8 (2) The sponsor shall file an application to have the zone designated for electronic commerce
9 with the Economic and Community Development Department. The application shall be in the form
10 and contain the information that the department by rule may require.

11 (3) The application shall be accompanied by a copy of a resolution, adopted by the governing
12 body of the sponsor, requesting that the zone be designated for electronic commerce.

13 (4) The department shall review applications for electronic commerce designation and shall ap-
14 prove no more than *[four]* **10** zones for electronic commerce designation.

15 (5) The sponsor may by resolution revoke an electronic commerce designation made under this
16 section. If an election is revoked, the sponsor may not subsequently seek reinstatement of electronic
17 commerce designation.

18 **SECTION 2.** The amendments to ORS 285C.095 by section 1 of this 2005 Act apply to ap-
19 plications for electronic commerce designation that are filed with the Economic and Com-
20 munity Development Department on or after July 1, 2006.

21 **SECTION 3.** ORS 285C.406 is amended to read:

22 285C.406. In order for a taxpayer to claim the property tax exemption under ORS 285C.409 or
23 a corporate excise or income tax credit under ORS 317.124:

24 (1) The written agreement between the business firm and the nonurban enterprise zone sponsor

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 that is required under ORS 285C.403 (3)(c) must be entered into prior to the termination of the en-
2 terprise zone under ORS 285C.245; and

3 (2) The business firm must obtain certification under ORS 285C.403 on or before *[December 31,*
4 *2006]* **June 30, 2009.**

5 **SECTION 4.** ORS 317.125 is amended to read:

6 317.125. Notwithstanding any other provision of law creating a tax credit against corporate ex-
7 cise or income taxes, a taxpayer claiming a tax credit under ORS 317.124 may not claim any type
8 of tax credit otherwise authorized by law against **taxes that are otherwise due under this**
9 **chapter that are equal to or less than** the tax credit threshold amount computed under ORS
10 317.124 (7), **to the extent the taxpayer offsets the taxpayer's tax liability for the tax year with**
11 **a credit allowed under ORS 317.124. Notwithstanding ORS 314.078, a taxpayer may forgo us-**
12 **ing a tax credit otherwise allowed under ORS 317.124 in order to use other tax credits in a**
13 **tax year.**

14 **SECTION 5. The amendments to ORS 317.125 by section 4 of this 2005 Act apply to tax**
15 **years beginning on or after January 1, 2005.**

16 **SECTION 6.** ORS 317.131 is amended to read:

17 317.131. (1) For each tax year in which a taxpayer *[claims]* **is allowed** a credit under ORS
18 317.124, the Department of Revenue shall *[make the following distributions]* **distribute** to the local
19 taxing districts in which the facility that is the basis of the credit is located **an amount of tax**
20 **payments that corresponds to the amount of payments deposited under ORS 317.129.[.]**

21 *[(a) Thirty percent of the tax credit threshold amount computed for the tax year, as determined*
22 *under ORS 317.124 (7); and]*

23 *[(b) Thirty percent of the qualifying tax liability of the taxpayer under ORS 317.124 that remains*
24 *following allowance of the tax credit allowed under ORS 317.124.]*

25 (2)(a) Amounts to be distributed under subsection (1) of this section shall be distributed to the
26 local taxing districts of the code area in which the facility is located that are not school districts,
27 education service districts, community college districts or community college service districts.

28 (b) If the facility is located in more than one code area, amounts to be distributed under **sub-**
29 **section (1) of** this section shall be allocated to each code area in which the facility is located, based
30 on the ratio of the real market value of the facility in each code area to the total real market value
31 of the facility.

32 (c) The amount distributed to each district under **subsection (1) of** this section shall be the
33 amount that bears the same proportion to the total amount to be distributed under this section as
34 the proportion of the operating tax billing rate of the district receiving distribution bears to the
35 total operating tax billing rate of all of the local taxing districts described in paragraph (a) of this
36 subsection.

37 (d) Notwithstanding paragraph (b) of this subsection, the amount distributed to a local taxing
38 district under **subsection (1) of** this section for a fiscal year may not exceed the amount of property
39 taxes forgone by that district as a result of the exemption from property tax under ORS 285C.409
40 **in that year.**

41 (3) If any moneys described in subsection (1) of this section remain following computation of the
42 distributions to local taxing districts under subsection (2) of this section, the moneys shall be dis-
43 tributed to the zone sponsor.

44 (4) Distributions shall be made under this section on or before June 1 of each fiscal year.

45 **SECTION 7. The amendments to ORS 317.131 by section 6 of this 2005 Act apply to dis-**

1 **tributions made under ORS 317.131 on or after the effective date of this 2005 Act.**

2 **SECTION 8. This 2005 Act takes effect on the 91st day after the date on which the reg-**
3 **ular session of the Seventy-third Legislative Assembly adjourns sine die.**

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