

B-Engrossed
House Bill 3143

Ordered by the House June 1
Including House Amendments dated May 9 and June 1

Sponsored by Representative BRUUN; Representatives DALLUM, FARR, FLORES, HUNT, NELSON, 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.

Authorizes Director of Economic and Community Development Department to approve designation of up to 10 areas as urban or nonurban enterprise zones. Allows local taxing district to elect not to participate in zone designation. Requires applicant for designation to submit to director list of local taxing districts that have elected not to participate.

Eliminates population density limit for reservation enterprise zone designation.
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.065, 285C.080
3 and 285C.306; and prescribing an effective date.

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

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

6 285C.050. As used in ORS 285C.050 to 285C.250, unless the context requires otherwise:

7 (1) "Assessment date" and "assessment year" have the meanings given those terms in ORS
8 308.007.

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

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

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

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

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

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

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

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

26 (8) "Enterprise zone" means one of the 30 areas designated or terminated and redesignated by

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 order of the Governor under ORS 284.160 (1987 Replacement Part) before October 3, 1989, one of the
2 [17] areas designated by the Director of the Economic and Community Development Department
3 under ORS 285C.080, a federal enterprise zone area designated under ORS 285C.085, an area desig-
4 nated under ORS 285C.250 or a reservation enterprise zone designated under ORS 285C.306.

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

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

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

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

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

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

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

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

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

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

24 (14) "Nonurban enterprise zone" means:

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

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

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

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

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

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

37 (19) "Sponsor" means:

38 (a) The city or county, or any combination of cities or counties, that received approval of an
39 enterprise zone under ORS 284.150 and 284.160 (1987 Replacement Part), under ORS 285C.065 and
40 285C.075, under ORS 285C.085 or under ORS 285C.250;

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

42 (c) A city or county that joined the enterprise zone through a boundary change under ORS
43 285C.115 (7).

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

45 (21) "Urban enterprise zone" means an enterprise zone in a metropolitan statistical area, as

1 defined by the most recent federal decennial census, that is located inside a regional or metropolitan
2 urban growth boundary.

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

4 **SECTION 2.** ORS 285C.080 is amended to read:

5 285C.080. (1) **As provided in ORS 285C.065 and 285C.075**, the Director of the Economic and
6 Community Development Department may approve the designation of:

7 (a) Up to 17 areas as nonurban enterprise zones [*as provided in ORS 285C.065 and 285C.075*];
8 **and**

9 (b) **Up to 10 areas as urban or nonurban enterprise zones.**

10 (2) Areas designated as enterprise zones under this section shall be in addition to the 30 areas
11 designated or redesignated as enterprise zones by order of the Governor under ORS 284.160 (1987
12 Replacement Part) before October 3, 1989, areas redesignated under ORS 285C.250, areas designated
13 under ORS 285C.085 and areas designated under ORS 285C.306.

14 **SECTION 3. Section 4 of this 2005 Act is added to and made a part of ORS 285C.050 to**
15 **285C.250.**

16 **SECTION 4. (1) A local taxing district that is listed in ORS 198.010 or 198.180 may elect**
17 **not to participate in an enterprise zone described in ORS 285C.080 (1)(b). If a district elects**
18 **not to participate in a zone described in ORS 285C.080 (1)(b), the district shall continue to**
19 **impose ad valorem property taxes on property in the zone that would otherwise be exempt**
20 **under ORS 285C.175.**

21 (2) **A city or county that is seeking designation of an area as an enterprise zone under**
22 **ORS 285C.080 (1)(b) shall, prior to applying for designation under ORS 285C.065, send written**
23 **notification to each local taxing district having territory in the proposed zone. The notifica-**
24 **tion shall:**

25 (a) **Describe the proposed zone;**

26 (b) **Explain the exemption described in ORS 285C.175; and**

27 (c) **Explain the process by which a district may elect not to participate in the zone.**

28 (3) **In order to make the election not to participate in an enterprise zone, the governing**
29 **body of the local taxing district shall adopt an ordinance or resolution declaring that the**
30 **district elects not to participate in the zone. The ordinance or resolution must be adopted**
31 **within 60 days following the date of written notification under subsection (2) of this section.**
32 **The district shall immediately submit a copy of the ordinance or resolution to the city or**
33 **county applying for zone designation.**

34 **SECTION 5.** ORS 285C.065 is amended to read:

35 285C.065. (1) Any city or county may apply to the Director of the Economic and Community
36 Development Department for designation of an area within that city or county as an enterprise zone.
37 With the prior consent of the governing body of the city, a county may apply to the Economic and
38 Community Development Department on behalf of a city for designation of any area within that city
39 as an enterprise zone.

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

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

45 (a) Be submitted on behalf of one or more local government units as described in subsections (1)

1 and (2) of this section by resolution of the governing body of each applicant;

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

3 (c) Contain information sufficient to allow the department to determine if the criteria estab-
4 lished in ORS 285C.090 are met;

5 (d) State that the applicant will give priority to the use in the proposed enterprise zone of any
6 economic development or job training funds received from the federal government; and

7 (e) Declare that the applicant will comply with ORS 285C.105 and perform any other duties of
8 the sponsor under ORS 285C.050 to 285C.250.

9 (4) When applying for designation of an enterprise zone within its boundaries under this section,
10 the applicant may include in the application:

11 (a) Proposals to enhance the level or efficiency of local public services within the proposed en-
12 terprise zone including, but not limited to, fire-fighting and police services; and

13 (b) Proposals for local incentives and local regulatory flexibility to authorized business firms.

14 (5) In the case of joint applications by more than one local government unit, each city or county
15 joining in the application may include proposals for enhanced local public services, local incentives
16 or local regulatory flexibility to be effective within the boundaries of that local government unit.

17 (6) Proposals under subsection (4) or (5) of this section for enhanced local public services, local
18 incentives or local regulatory flexibility included in the application by a city or county for an en-
19 terprise zone are binding upon the city or county if an enterprise zone is designated wholly or partly
20 within its boundaries.

21 **(7)(a) When applying for designation of an enterprise zone described in ORS 285C.080**
22 **(1)(b) within its boundaries, the applicant shall include in the application a list of local taxing**
23 **districts listed in ORS 198.010 or 198.180 that have territory in the proposed zone and a copy**
24 **of the written notification sent to the districts pursuant to section 4 of this 2005 Act.**

25 **(b) The applicant shall submit to the director a list of local taxing districts that have**
26 **elected under section 4 of this 2005 Act not to participate in the proposed zone. The list of**
27 **nonparticipating districts shall be submitted to the director within 90 days following the date**
28 **the written notification described in section 4 of this 2005 Act was sent to the districts or**
29 **30 days after the date the application is filed with the department, whichever is later.**

30 **SECTION 6.** ORS 285C.306 is amended to read:

31 285C.306. (1) Trust land of an Indian tribe that meets all of the following requirements is des-
32 ignated as a reservation enterprise zone for the purposes of ORS 285C.300 to 285C.320:

33 (a) The Indian tribe is a federally recognized Indian tribe;

34 (b) The reservation of the Indian tribe is entirely within the boundaries of this state;

35 (c) The land for which zone designation is sought is land held in trust by the United States for
36 the benefit of the Indian tribe and is located entirely within the boundaries of the reservation;

37 *[(d) As of January 1, 2002, the population density of the reservation, as measured by the most re-
38 cent federal decennial census, does not exceed 15 persons per square mile;]*

39 *[(e)]* **(d)** Fifty percent or more of the households within the boundaries of the reservation have
40 incomes below 80 percent of the median income of this state, as defined by the most recent federal
41 decennial census; and

42 *[(f)]* **(e)** The unemployment rate within the reservation for all enrolled members of the tribe is
43 at least 2.0 percentage points greater than the comparable unemployment rate for this state, as de-
44 fined by the most recently available data published or officially provided and verified by the United
45 States Government, the Employment Department, the Portland State University Center for Popu-

1 lation Research and Census or a special study conducted under a contract with a regional academic
2 institution.

3 (2) At the request of a tribal government, the Economic and Community Development Depart-
4 ment shall determine if trust land is designated as a reservation enterprise zone under this section.

5 **SECTION 7. This 2005 Act takes effect on the 91st day after the date on which the reg-**
6 **ular session of the Seventy-third Legislative Assembly adjourns sine die.**

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