

HOUSE AMENDMENTS TO A-ENGROSSED HOUSE BILL 2066

By JOINT COMMITTEE ON TAX CREDITS

July 5

1 In line 2 of the printed A-engrossed bill, delete “316.824” and insert “285B.600, 285C.050,
2 285C.160, 285C.400, 285C.403, 285C.412, 285C.503, 314.752, 315.613, 317.090, 317.097 and 318.031 and
3 section 6, chapter 739, Oregon Laws 2007, sections 11, 21, 25 and 30, chapter 913, Oregon Laws 2009,
4 and section 45, chapter 701, Oregon Laws 2015”.

5 Delete lines 5 through 23 and insert:
6

“RESERVATION ENTERPRISE ZONES

7
8

9 “**SECTION 1.** Section 21, chapter 913, Oregon Laws 2009, as amended by section 28, chapter
10 76, Oregon Laws 2010, is amended to read:

11 “**Sec. 21.** A credit may not be claimed under ORS 285C.309 for tax years beginning on or after
12 January 1, [2018] **2028**.

13 “**SECTION 2. ORS 285C.309 is added to and made a part of ORS chapter 315.**
14

“AFFORDABLE HOUSING LENDERS

15
16

17 “**SECTION 3.** Section 30, chapter 913, Oregon Laws 2009, as amended by section 1, chapter 475,
18 Oregon Laws 2011, is amended to read:

19 “**Sec. 30.** The Housing and Community Services Department may not issue a certificate under
20 ORS 317.097 on or after January 1, [2020] **2026**.

21 “**SECTION 4.** ORS 317.097, as amended by section 23, chapter 33, Oregon Laws 2016, is
22 amended to read:

23 “317.097. (1) As used in this section:

24 “(a) ‘Annual rate’ means the yearly interest rate specified on the note, and not the annual per-
25 centage rate, if any, disclosed to the applicant to comply with the federal Truth in Lending Act.

26 “(b) ‘Finance charge’ means the total of all interest, loan fees, interest on any loan fees financed
27 by the lending institution, and other charges related to the cost of obtaining credit.

28 “(c) ‘Lending institution’ means any insured institution, as that term is defined in ORS 706.008,
29 any mortgage banking company that maintains an office in this state or any community development
30 corporation that is organized under the Oregon Nonprofit Corporation Law.

31 “(d) ‘Manufactured dwelling park’ has the meaning given that term in ORS 446.003.

32 “(e) ‘Nonprofit corporation’ means a corporation that is exempt from income taxes under section
33 501(c)(3) or (4) of the Internal Revenue Code as amended and in effect on December 31, 2015.

34 “(f) ‘Preservation project’ means housing that was previously developed as affordable housing
with a contract for rent assistance from the United States Department of Housing and Urban De-

1 velopment or the United States Department of Agriculture and that is being acquired by a spon-
2 soring entity.

3 “(g) ‘Qualified assignee’ means any investor participating in the secondary market for real estate
4 loans.

5 “(h) ‘Qualified borrower’ means any borrower that is a sponsoring entity that has a controlling
6 interest in the real property that is financed by a qualified loan. A controlling interest includes, but
7 is not limited to, a controlling interest in the general partner of a limited partnership that owns the
8 real property.

9 “(i) ‘Qualified loan’ means:

10 “(A) A loan that meets the criteria stated in subsection (5) of this section or that is made to
11 refinance a loan that meets the criteria described in subsection (5) of this section; or

12 “(B) The purchase by a lending institution of bonds, as defined in ORS 286A.001, issued on behalf
13 of the Housing and Community Services Department, the proceeds of which are used to finance or
14 refinance a loan that meets the criteria described in subsection (5) of this section.

15 “(j) ‘Sponsoring entity’ means a nonprofit corporation, nonprofit cooperative, state governmental
16 entity, local unit of government as defined in ORS 466.706, housing authority or any other person,
17 provided that the person has agreed to restrictive covenants imposed by a nonprofit corporation,
18 nonprofit cooperative, state governmental entity, local unit of government or housing authority.

19 “(2) The Department of Revenue shall allow a credit against taxes otherwise due under this
20 chapter for the taxable year to a lending institution that makes a qualified loan certified by the
21 Housing and Community Services Department as provided in subsection (7) of this section. The
22 amount of the credit is equal to the difference between:

23 “(a) The amount of finance charge charged by the lending institution during the taxable year
24 at an annual rate less than the market rate for a qualified loan that is made before January 1,
25 [2020] 2026, that complies with the requirements of this section; and

26 “(b) The amount of finance charge that would have been charged during the taxable year by the
27 lending institution for the qualified loan for housing construction, development, acquisition or re-
28 habilitation measured at the annual rate charged by the lending institution for nonsubsidized loans
29 made under like terms and conditions at the time the qualified loan for housing construction, de-
30 velopment, acquisition or rehabilitation is made.

31 “(3) The maximum amount of credit for the difference between the amounts described in sub-
32 section (2)(a) and (b) of this section may not exceed four percent of the average unpaid balance of
33 the qualified loan during the tax year for which the credit is claimed.

34 “(4) Any tax credit allowed under this section that is not used by the taxpayer in a particular
35 year may be carried forward and offset against the taxpayer’s tax liability for the next succeeding
36 tax year. Any credit remaining unused in the next succeeding tax year may be carried forward and
37 used in the second succeeding tax year, and likewise, any credit not used in that second succeeding
38 tax year may be carried forward and used in the third succeeding tax year, and any credit not used
39 in that third succeeding tax year may be carried forward and used in the fourth succeeding tax year,
40 and any credit not used in that fourth succeeding tax year may be carried forward and used in the
41 fifth succeeding tax year, but may not be carried forward for any tax year thereafter.

42 “(5) To be eligible for the tax credit allowable under this section, a lending institution must
43 make a qualified loan by either purchasing bonds, as defined in ORS 286A.001, issued on behalf of
44 the Housing and Community Services Department, the proceeds of which are used to finance or re-
45 finance a loan that meets the criteria stated in this subsection, or by making a loan directly to:

1 “(a) An individual or individuals who own a dwelling, participate in an owner-occupied commu-
2 nity rehabilitation program and are certified by the local government or its designated agent as
3 having an income level when the loan is made of less than 80 percent of the area median income;

4 “(b) A qualified borrower who:

5 “(A) Uses the loan proceeds to finance construction, development, acquisition or rehabilitation
6 of housing; and

7 “(B) Provides a written certification executed by the Housing and Community Services Depart-
8 ment that the:

9 “(i) Housing created by the loan is or will be occupied by households earning less than 80 per-
10 cent of the area median income; and

11 “(ii) Full amount of savings from the reduced interest rate provided by the lending institution
12 is or will be passed on to the tenants in the form of reduced housing payments, regardless of other
13 subsidies provided to the housing project;

14 “(c) Subject to subsection (14) of this section, a qualified borrower who:

15 “(A) Uses the loan proceeds to finance construction, development, acquisition or rehabilitation
16 of housing consisting of a manufactured dwelling park; and

17 “(B) Provides a written certification executed by the Housing and Community Services Depart-
18 ment that the housing will continue to be operated as a manufactured dwelling park during the pe-
19 riod for which the tax credit is allowed; or

20 “(d) A qualified borrower who:

21 “(A) Uses the loan proceeds to finance acquisition or rehabilitation of housing consisting of a
22 preservation project; and

23 “(B) Provides a written certification executed by the Housing and Community Services Depart-
24 ment that the housing preserved by the loan:

25 “(i) Is or will be occupied by households earning less than 80 percent of the area median income;
26 and

27 “(ii) Is the subject of a rent assistance contract with the United States Department of Housing
28 and Urban Development or the United States Department of Agriculture that will be maintained by
29 the qualified borrower.

30 “(6) A loan made to refinance a loan that meets the criteria stated in subsection (5) of this
31 section must be treated the same as a loan that meets the criteria stated in subsection (5) of this
32 section.

33 “(7) For a qualified loan to be eligible for the tax credit allowable under this section, the
34 Housing and Community Services Department must execute a written certification for the qualified
35 loan that:

36 “(a) Specifies the period, not to exceed 20 years, as determined by the Housing and Community
37 Services Department, during which the tax credit is allowed for the qualified loan; and

38 “(b) States that the qualified loan is within the limitation imposed by subsection (8) of this sec-
39 tion.

40 “(8) The Housing and Community Services Department may certify qualified loans that are eli-
41 gible under subsection (5) of this section if the total credits attributable to all qualified loans eligible
42 for credits under this section and then outstanding do not exceed [*\$17 million*] **\$25 million** for any
43 fiscal year. In making loan certifications under subsection (7) of this section, the Housing and
44 Community Services Department shall attempt to distribute the tax credits statewide, but shall
45 concentrate the tax credits in those areas of the state that are determined by the Oregon Housing

1 Stability Council to have the greatest need for affordable housing.

2 “(9) The tax credit provided for in this section may be taken whether or not:

3 “(a) The financial institution is eligible to take a federal income tax credit under section 42 of
4 the Internal Revenue Code with respect to the project financed by the qualified loan; or

5 “(b) The project receives financing from bonds, the interest on which is exempt from federal
6 taxation under section 103 of the Internal Revenue Code.

7 “(10) For a qualified loan defined in subsection (1)(i)(B) of this section financed through the
8 purchase of bonds, the interest of which is exempt from federal taxation under section 103 of the
9 Internal Revenue Code, the amount of finance charge that would have been charged under sub-
10 section (2)(b) of this section is determined by reference to the finance charge that would have been
11 charged if the federally tax exempt bonds had been issued and the tax credit under this section did
12 not apply.

13 “(11) A lending institution may sell a qualified loan for which a certification has been executed
14 to a qualified assignee whether or not the lending institution retains servicing of the qualified loan
15 so long as a designated lending institution maintains records, annually verified by a loan servicer,
16 that establish the amount of tax credit earned by the taxpayer throughout each year of eligibility.

17 “(12) Notwithstanding any other provision of law, a lending institution that is a community de-
18 velopment corporation organized under the Oregon Nonprofit Corporation Law may transfer all or
19 part of a tax credit allowed under this section to one or more other lending institutions that are
20 stockholders or members of the community development corporation or that otherwise participate
21 through the community development corporation in the making of one or more qualified loans for
22 which the tax credit under this section is allowed.

23 “(13) The lending institution shall file an annual statement with the Housing and Community
24 Services Department, specifying that it has conformed with all requirements imposed by law to
25 qualify for a tax credit under this section.

26 “(14) Notwithstanding subsection (1)(h) and (j) of this section, a qualified borrower on a loan to
27 finance the construction, development, acquisition or rehabilitation of a manufactured dwelling park
28 under subsection (5)(c) of this section must be a nonprofit corporation, manufactured dwelling park
29 nonprofit cooperative, state governmental entity, local unit of government as defined in ORS 466.706
30 or housing authority.

31 “(15) The Housing and Community Services Department and the Department of Revenue may
32 adopt rules to carry out the provisions of this section.

33 **“SECTION 5. The amendments to ORS 317.097 by section 4 of this 2017 Act apply to tax**
34 **years beginning on or after January 1, 2018.**

35
36 **“BOVINE MANURE TAX CREDIT**

37
38 **“SECTION 6. Section 7 of this 2017 Act is added to and made a part of ORS chapter 315.**

39 **“SECTION 7. (1) As used in this section:**

40 **“(a) ‘Biofuel’ means liquid, gaseous or solid fuels, derived from biomass, that have been**
41 **converted into a processed fuel ready for use as energy by a biofuel producer’s customers**
42 **or for direct biomass energy use at the biofuel producer’s site.**

43 **“(b) ‘Biofuel producer’ means a person that, through activities in Oregon:**

44 **“(A) Alters the physical makeup of biomass to convert it into biofuel;**

45 **“(B) Changes one biofuel into another type of biofuel; or**

1 “(C) Uses biomass in Oregon to produce energy.

2 “(c) ‘Bovine manure’ means, subject to subsection (2) of this section, cow manure that
3 is produced by cows on Oregon farms.

4 “(d) ‘Bovine manure producer or collector’ means a person that produces or collects
5 bovine manure in Oregon that is used, in Oregon, as biofuel or to produce biofuel.

6 “(2) The Director of Agriculture may adopt rules to define criteria, only as the criteria
7 apply to bovine manure, to determine additional characteristics of bovine manure for pur-
8 poses of this section.

9 “(3)(a) A bovine manure producer or collector shall be allowed a credit against the taxes
10 that would otherwise be due under ORS chapter 316 or, if the taxpayer is a corporation, un-
11 der ORS chapter 317 or 318 for the collection of bovine manure in Oregon that is used, in
12 Oregon, as biofuel or to produce biofuel.

13 “(b) A credit under this section may be claimed in the tax year in which the credit is
14 certified under this section.

15 “(c) A credit under this section may be claimed only once for each wet ton of bovine
16 manure.

17 “(4) The amount of the credit shall be calculated at a rate of \$3.50 per wet ton, as certi-
18 fied under this section.

19 “(5)(a) The State Department of Agriculture may establish by rule procedures and crite-
20 ria for determining the amount of the tax credit to be certified under this section. The de-
21 partment shall provide written certification to taxpayers that are eligible to claim the credit
22 under this section.

23 “(b) The State Department of Agriculture may charge and collect a fee from taxpayers
24 for certification of credits under this section. The fee may not exceed the cost to the de-
25 partment of issuing certifications.

26 “(6) All fees collected under this section shall be deposited in the State Treasury to the
27 credit of the Department of Agriculture Service Fund. Moneys deposited under this section
28 are continuously appropriated to the department for the purpose of administering and en-
29 forcing the provisions of this section.

30 “(7)(a) The Department of Revenue may by rule require that the State Department of
31 Agriculture provide information about the certification issued under this section, including
32 the name and taxpayer identification number of the taxpayer or other person receiving cer-
33 tification, the date the certification was issued in its final form, the approved amount of
34 credit and the first tax year for which the credit may be claimed.

35 “(b) A taxpayer that is a pass-through entity that has received certification under this
36 section shall provide the information described in paragraph (a) of this section to the De-
37 partment of Revenue within two months after the close of the tax year in which the certi-
38 fication was issued.

39 “(c) The Department of Revenue shall prescribe by rule the manner and the timing of
40 submission of the information to the department.

41 “(8) The amount of the credit claimed under this section for any tax year may not exceed
42 the tax liability of the taxpayer.

43 “(9) Each bovine manure producer or collector shall maintain a record of the written
44 certification of the amount of the tax credit under this section for a period of at least five
45 years after the tax year in which the credit is claimed and provide the written certification

1 to the Department of Revenue upon request.

2 “(10) The credit shall be claimed on a form prescribed by the Department of Revenue that
3 contains the information required by the department.

4 “(11) Any tax credit otherwise allowable under this section that is not used by the tax-
5 payer in a particular tax year may be carried forward and offset against the taxpayer’s tax
6 liability for the next succeeding tax year. Any credit remaining unused in the next succeed-
7 ing tax year may be carried forward and used in the second succeeding tax year, and likewise
8 any credit not used in that second succeeding tax year may be carried forward and used in
9 the third succeeding tax year, and any credit not used in that third succeeding tax year may
10 be carried forward and used in the fourth succeeding tax year, but may not be carried for-
11 ward for any tax year thereafter.

12 “(12) In the case of a credit allowed under this section:

13 “(a) A nonresident shall be allowed the credit under this section in the proportion pro-
14 vided in ORS 316.117.

15 “(b) If a change in the status of the taxpayer from resident to nonresident or from non-
16 resident to resident occurs, the credit allowed by this section shall be determined in a man-
17 ner consistent with ORS 316.117.

18 “(c) If a change in the taxable year of the taxpayer occurs as described in ORS 314.085,
19 or if the department terminates the taxpayer’s taxable year under ORS 314.440, the credit
20 allowed under this section shall be prorated or computed in a manner consistent with ORS
21 314.085.

22 “SECTION 8. (1) A person that has obtained a tax credit under section 7 of this 2017 Act
23 may transfer the credit to a taxpayer subject to tax under ORS chapter 316, 317 or 318. A
24 transfer that occurs on or after January 1, 2018, is conditioned upon compliance with this
25 section and ORS 315.052 and 315.053.

26 “(2) The Department of Revenue may require that the person that has earned the credit
27 and the taxpayer that intends to claim the credit jointly file a notice of tax credit transfer
28 with the department on or before the earliest of the following dates:

29 “(a) A date 30 days after the transfer of the credit;

30 “(b) The date on which the transferee files a return; or

31 “(c) The due date, including extensions, of the transferee’s return.

32 “(3) The notice shall be given on a form prescribed by the department that contains:

33 “(a) The name and address of the transferor and of the transferee;

34 “(b) The taxpayer identification number of the transferor and of the transferee;

35 “(c) The dates on which the person earning the credit received certifications for the
36 credit;

37 “(d) The amount of the credit that is certified, the amount that is being transferred and
38 the amount that is being retained by the transferor; and

39 “(e) Any other information required by the department.

40 “(4)(a) A transferor may separately transfer the entirety of that portion corresponding
41 to the tax year to one or more transferees, subject to subsection (5) of this subsection.

42 “(b) Any amount of credit that would be allowed due only to a carryforward provision
43 may not be transferred.

44 “(5) Any transfer of a tax credit or a portion of a tax credit must be completed no later
45 than the earliest of the following dates in relation to the tax return on which it is claimed:

1 “(a) The original due date, including extensions, of the transferor’s return;

2 “(b) The date on which the transferor’s return is actually filed;

3 “(c) The original due date, including extensions, of the transferee’s return; or

4 “(d) The date on which the transferee’s return is actually filed.

5 “(6) If the transferor is a tax-exempt entity, the transfer must be completed on or before
6 a date one year after the close of the tax year for which the credit receives final certifica-
7 tion. As used in this subsection, ‘tax-exempt entity’ means a government agency or an or-
8 ganization that is recognized as exempt under section 501(c)(3) of the Internal Revenue Code.

9 “(7) The transferee shall claim the credit in accordance with the provisions of section 7
10 of this 2017 Act for the tax years in which the credit is allowed.

11 “(8) The department by rule may establish policies and procedures for the implementa-
12 tion of this section.

13 “SECTION 9. (1) Under the procedures for a contested case under ORS chapter 183, the
14 director of the agency responsible for certifying or otherwise determining eligibility or
15 granting approval for a tax credit allowed under section 7 of this 2017 Act may order the
16 suspension, revocation or forfeiture of the tax credit approval or of a portion thereof if the
17 director finds that:

18 “(a) The approval was obtained by fraud or misrepresentation;

19 “(b) The approval was obtained by mistake or miscalculation; or

20 “(c) The taxpayer otherwise violates or has violated a provision that allows or provides
21 for administration of a tax credit.

22 “(2) As soon as an order of revocation under this section becomes final, the director shall
23 notify the Department of Revenue and the person that received the tax credit certification,
24 or other approval, of the order of revocation. Upon notification, the Department of Revenue
25 immediately shall proceed to collect:

26 “(a) If no portion of a credit has been transferred, those taxes not paid by the holder of
27 the certificate or other approval as a result of the tax credits provided to the holder under
28 the revoked approval, from the holder or a successor in interest to the business interests
29 of the holder. All tax credits provided to the holder and attributable to the fraudulently or
30 mistakenly obtained approval or portion of the approval shall be forfeited.

31 “(b) If all of a credit has been transferred, an amount equal to the amount of the tax
32 credits allowable to the transferee under the revoked approval, from the transferor.

33 “(c) If a portion of a tax credit has been transferred, those taxes not paid by the
34 transferor as a result of the tax credits provided to the transferor pursuant to the revoked
35 approval, from the transferor or a successor in interest to the business interests of the
36 transferor, and an amount equal to the amount of the tax credits allowable to the transferee
37 pursuant to the revoked approval, from the transferor.

38 “(3)(a) The Department of Revenue shall have the benefit of all laws of the state per-
39 taining to the collection of income and excise taxes and may proceed to collect the amounts
40 described in subsection (2) of this section from the person that obtained approval or a suc-
41 cessor in interest to the business interests of that person. An assessment of tax is not nec-
42 essary and the collection of taxes described in this subsection is not precluded by any statute
43 of limitations.

44 “(b) For purposes of this subsection, a lender, bankruptcy trustee or other person that
45 acquires an interest through bankruptcy or through foreclosure of a security interest is not

1 considered to be a successor in interest to the business interests of the person that obtained
2 approval.

3 “(4) If the approval is ordered revoked pursuant to this section, the holder of the certif-
4 icate or other approval shall be denied any further relief in connection with the credit from
5 and after the date that the order of revocation becomes final.

6 “(5) Notwithstanding subsections (1) to (4) of this section, a certificate or portion of a
7 certificate held by a transferee may not be considered revoked for purposes of the
8 transferee, the tax credit allowable to the transferee may not be reduced and a transferee
9 is not liable under this section.

10 “(6) Interest under this section shall accrue at the rate established in ORS 305.220 be-
11 ginning the day after the due date of the return on which the credit may first be claimed.

12 “**SECTION 10.** The total amount claimed for tax credits for the production or collection
13 of bovine manure under section 7 of this 2017 Act may not exceed \$5 million for all taxpayers
14 for any tax year. If the State Department of Agriculture receives applications for the credit
15 sufficient to exceed this amount, the department shall by rule proportionately reduce the
16 amount of certified credits among all taxpayers applying for the credit.

17 “**SECTION 11.** Section 7 of this 2017 Act applies to tax years beginning on or after Jan-
18 uary 1, 2018, and before January 1, 2022.

19
20 **“BIOMASS TAX CREDIT**

21
22 “**SECTION 12.** Section 6, chapter 739, Oregon Laws 2007, as amended by section 5, chapter 590,
23 Oregon Laws 2007, section 18, chapter 913, Oregon Laws 2009, section 2, chapter 730, Oregon Laws
24 2011, and section 11, chapter 29, Oregon Laws 2016, is amended to read:

25 “**Sec. 6.** (1)[(a)] ORS 315.141, 315.144 and 469B.403 apply to tax credits for tax years beginning
26 on or after January 1, 2007, and before January 1, [2022] **2018.**

27 “[*(b) Notwithstanding paragraph (a) of this subsection, credits as provided under ORS 469B.403*
28 *(1) to (7) are not allowed for tax years beginning on or after January 1, 2018.*]

29 “(2) Notwithstanding subsection (1) of this section, a tax credit is not allowed for wheat grain
30 (other than nongrain wheat material) for tax years beginning before January 1, 2009, or on or after
31 January 1, 2018.

32
33 **“RURAL MEDICAL PROVIDER TAX CREDIT**

34
35 “**SECTION 13.** Section 25, chapter 913, Oregon Laws 2009, as amended by section 10, chapter
36 750, Oregon Laws 2013, section 18, chapter 701, Oregon Laws 2015, and section 7, chapter 829,
37 Oregon Laws 2015, is amended to read:

38 “**Sec. 25.** (1) Except as provided in subsection (2) of this section, a credit may not be claimed
39 under ORS 315.613 for tax years beginning on or after January 1, [2018] **2022.**

40 “(2) A taxpayer who meets the eligibility requirements in ORS 315.613 for the tax year beginning
41 on or after January 1, [2017] **2021**, and before January 1, [2018] **2022**, shall be allowed the credit
42 under ORS 315.613 for any tax year:

43 “(a) That begins on or before January 1, [2027] **2031**; and

44 “(b) For which the taxpayer meets the eligibility requirements of ORS 315.613.

45 “(3) **Notwithstanding subsection (2) of this section, a taxpayer may not during the**

1 **taxpayer's lifetime claim the credit allowed under this section for more than a total of 10 tax**
2 **years that begin on or after January 1, 2018.**

3 **"SECTION 14.** ORS 315.613, as amended by section 1, chapter 29, Oregon Laws 2016, is
4 amended to read:

5 "315.613. [(1) *A resident or nonresident individual certified as eligible under ORS 442.563, licensed*
6 *under ORS chapter 677, who is engaged in the practice of medicine, and who is engaged for at least*
7 *20 hours per week, averaged over the month, during the tax year in a rural practice, shall be allowed*
8 *an annual credit against taxes otherwise due under ORS chapter 316.*]

9 **"(1) An annual credit against the taxes otherwise due under ORS chapter 316 shall be**
10 **allowed to a resident or nonresident individual who is:**

11 **"(a) Certified as eligible under ORS 442.563;**

12 **"(b) Licensed under ORS chapter 677;**

13 **"(c) Engaged in the practice of medicine, and engaged for at least 20 hours per week,**
14 **averaged over the month, during the tax year in a rural practice; and**

15 **"(d) Has adjusted gross income not in excess of \$300,000 for the tax year. The limitation**
16 **in this paragraph does not apply to a physician who practices as a general surgeon, special-**
17 **izes in obstetrics or specializes in family or general practice and provides obstetrical ser-**
18 **vices.**

19 **"(2) The amount of credit allowed shall be based on the distance from a major population center**
20 **in a qualified metropolitan statistical area at which the taxpayer maintains a practice or hospital**
21 **membership:**

22 **"(a) If at least 10 miles but fewer than 20 miles, \$3,000.**

23 **"(b) If at least 20 miles but fewer than 50 miles, \$4,000.**

24 **"(c) If 50 or more miles, \$5,000.**

25 **"(3) The credit shall be allowed during the time in which the individual retains such practice**
26 **and membership if the individual is actively practicing in and is a member of the medical staff of**
27 **one of the following hospitals:**

28 **"(a) A type A hospital designated as such by the Office of Rural Health;**

29 **"(b) A type B hospital designated as such by the Office of Rural Health if the hospital is:**

30 **"(A) Not within the boundaries of a metropolitan statistical area;**

31 **"(B) Located 30 or more miles from the closest hospital within the major population center in**
32 **a metropolitan statistical area; or**

33 **"(C) Located in a county with a population of less than 75,000;**

34 **"(c) A type C rural hospital, if the Office of Rural Health makes the findings required by ORS**
35 **315.619;**

36 **"(d) A rural hospital that was designated a rural referral center by the federal government be-**
37 **fore January 1, 1989, and that serves a community with a population of at least 14,000 but not more**
38 **than 19,000; or**

39 **"(e) A rural critical access hospital.**

40 **"(4) In order to claim the credit allowed under this section, the individual must remain willing**
41 **during the tax year to serve patients with Medicare coverage and patients receiving medical as-**
42 **sistance in at least the same proportion to the individual's total number of patients as the Medicare**
43 **and medical assistance populations represent of the total number of persons determined by the Of-**
44 **fice of Rural Health to be in need of care in the county served by the practice, not to exceed 20**
45 **percent Medicare patients or 15 percent medical assistance patients.**

1 “(5) A nonresident individual shall be allowed the credit under this section in the proportion
2 provided in ORS 316.117. If a change in the status of a taxpayer from resident to nonresident or from
3 nonresident to resident occurs, the credit allowed by this section shall be determined in a manner
4 consistent with ORS 316.117.

5 “(6) For purposes of this section, an ‘individual’s practice’ shall be determined on the basis of
6 actual time spent in practice each week in hours or days, whichever is considered by the Office of
7 Rural Health to be more appropriate. In the case of a shareholder of a corporation or a member of
8 a partnership, only the time of the individual shareholder or partner shall be considered and the full
9 amount of the credit shall be allowed to each shareholder or partner who qualifies in an individual
10 capacity.

11 “(7) As used in this section:

12 “(a) ‘Qualified metropolitan statistical area’ means only those counties of a metropolitan statis-
13 tical area that are located in Oregon if the largest city within the metropolitan statistical area is
14 located in Oregon.

15 “(b) ‘Rural critical access hospital’ means a facility that meets the criteria set forth in 42 U.S.C.
16 1395i-4 (c)(2)(B) and that has been designated a critical access hospital by the Office of Rural Health
17 and the Oregon Health Authority.

18 “(c) ‘Type A hospital,’ ‘type B hospital’ and ‘type C hospital’ have the meaning for those terms
19 provided in ORS 442.470.

20 “**SECTION 15.** The amendments to ORS 315.613 by section 14 of this 2017 Act apply to tax
21 years beginning on or after January 1, 2018.

22 “USE OF CREDITS AGAINST MINIMUM TAX

23
24
25 “**SECTION 16.** Section 45, chapter 701, Oregon Laws 2015, is amended to read:

26 “**Sec. 45.** [(1)] The amendments to ORS 317.090 by [section 43 of this 2015 Act] **sections 43 and**
27 **44, chapter 701, Oregon Laws 2015,** apply to tax years beginning on or after January 1, 2015[, and
28 before January 1, 2021].

29 “[2] The amendments to ORS 317.090 by section 44 of this 2015 Act apply to tax years beginning
30 on or after January 1, 2021.]

31 “**SECTION 17.** ORS 317.090, as amended by section 44, chapter 701, Oregon Laws 2015, is
32 amended to read:

33 “317.090. (1) As used in this section:

34 “(a) ‘Oregon sales’ means:

35 “(A) If the corporation apportions business income under ORS 314.650 to 314.665 for Oregon tax
36 purposes, the total sales of the taxpayer in this state during the tax year, as determined for purposes
37 of ORS 314.665;

38 “(B) If the corporation does not apportion business income for Oregon tax purposes, the total
39 sales in this state that the taxpayer would have had, as determined for purposes of ORS 314.665, if
40 the taxpayer were required to apportion business income for Oregon tax purposes; or

41 “(C) If the corporation apportions business income using a method different from the method
42 prescribed by ORS 314.650 to 314.665, Oregon sales as defined by the Department of Revenue by
43 rule.

44 “(b) If the corporation is an agricultural cooperative that is a cooperative organization de-
45 scribed in section 1381 of the Internal Revenue Code, ‘Oregon sales’ does not include sales repre-

1 sending business done with or for members of the agricultural cooperative.

2 “(2) Each corporation or affiliated group of corporations filing a return under ORS 317.710 shall
3 pay annually to the state, for the privilege of carrying on or doing business by it within this state,
4 a minimum tax as follows:

5 “(a) If Oregon sales properly reported on a return are:

6 “(A) Less than \$500,000, the minimum tax is \$150.

7 “(B) \$500,000 or more, but less than \$1 million, the minimum tax is \$500.

8 “(C) \$1 million or more, but less than \$2 million, the minimum tax is \$1,000.

9 “(D) \$2 million or more, but less than \$3 million, the minimum tax is \$1,500.

10 “(E) \$3 million or more, but less than \$5 million, the minimum tax is \$2,000.

11 “(F) \$5 million or more, but less than \$7 million, the minimum tax is \$4,000.

12 “(G) \$7 million or more, but less than \$10 million, the minimum tax is \$7,500.

13 “(H) \$10 million or more, but less than \$25 million, the minimum tax is \$15,000.

14 “(I) \$25 million or more, but less than \$50 million, the minimum tax is \$30,000.

15 “(J) \$50 million or more, but less than \$75 million, the minimum tax is \$50,000.

16 “(K) \$75 million or more, but less than \$100 million, the minimum tax is \$75,000.

17 “(L) \$100 million or more, the minimum tax is \$100,000.

18 “(b) If a corporation is an S corporation, the minimum tax is \$150.

19 “(3) The minimum tax is not apportionable (except in the case of a change of accounting peri-
20 ods), [and] is payable in full for any part of the year during which a corporation is subject to tax
21 and may not be reduced, paid or otherwise satisfied through the use of any tax credit.

22 23 “EMPLOYEE TRAINING TAX CREDIT

24
25 “**SECTION 18.** Section 19 of this 2017 Act is added to and made a part of ORS chapter 315.

26 “**SECTION 19.** (1) As used in this section, ‘qualifying county’ means a county with a
27 population greater than 60,000 but less than 80,000 that:

28 “(a) Is located entirely outside of the Portland Metropolitan Area Regional Urban Growth
29 Boundary and the acknowledged urban growth boundary of cities with populations of 30,000
30 or more;

31 “(b) Has an annual economic development budget of \$500,000 or greater;

32 “(c) Has an unemployment rate at least 1.5 percentage points greater than the compa-
33 rable unemployment rate for the state;

34 “(d) Is party to an agreement with an institute of higher education to coordinate efforts
35 to promote enterprise throughout the county;

36 “(e) Is the site of a base or installation of the Armed Forces of the United States that
37 employs at least 750 civilian and military personnel; and

38 “(f) Has access to Internet service with the minimum connection speed required to ef-
39 fectively conduct electronic commerce.

40 “(2) A credit against taxes that are otherwise due under ORS chapter 316 or, if the tax-
41 payer is a corporation, under ORS chapter 317 or 318, is allowed to a taxpayer who is located
42 in a qualifying county and who establishes and implements an employee training program in
43 collaboration with a local community college operated under ORS chapter 341.

44 “(3) The credit allowed under this section shall be equal to 12 percent of the taxpayer’s
45 expenses to establish and implement the employee training program described in subsection

1 (2) of this section.

2 “(4) For each tax year for which a credit is claimed under this section, the taxpayer shall
3 maintain records sufficient to prove the taxpayer’s eligibility for the credit allowed under
4 this section. A taxpayer shall maintain the records required under this subsection for at
5 least five years.

6 “(5) The credit allowed under this section may not exceed the tax liability of the taxpayer
7 for the tax year.

8 “(6) Any tax credit otherwise allowable under this section that is not used by the tax-
9 payer in a particular tax year may be carried forward and offset against the taxpayer’s tax
10 liability for the next succeeding tax year. Any credit remaining unused in the next succeed-
11 ing tax year may be carried forward and used in the second succeeding tax year, and likewise
12 any credit not used in that second succeeding tax year may be carried forward and used in
13 the third succeeding tax year, but may not be carried forward for any tax year thereafter.

14 “(7) A nonresident taxpayer shall be allowed the credit under this section. The credit
15 shall be computed in the same manner and be subject to the same limitations as the credit
16 granted to a resident taxpayer. However, the credit shall be prorated using the proportion
17 provided in ORS 316.117.

18 “(8) If a change in the taxable year of the taxpayer occurs as described in ORS 314.085,
19 or if the Department of Revenue terminates the taxpayer’s taxable year under ORS 314.440,
20 the credit allowed by this section shall be prorated or computed in a manner consistent with
21 ORS 314.085.

22 “(9) If a change in the status of a taxpayer from resident to nonresident or from non-
23 resident to resident occurs, the credit allowed by this section shall be determined in a man-
24 ner consistent with ORS 316.117.

25 “(10) Spouses in a marriage who file separate returns for a taxable year may each claim
26 a share of the tax credit that would have been allowed on a joint return in proportion to the
27 adjusted gross income of each.

28 “SECTION 20. Section 19 of this 2017 Act applies to tax years beginning on or after Jan-
29 uary 1, 2017.

30
31 **“BUSINESS TAX CREDITS**

32
33 “SECTION 21. ORS 314.752 is amended to read:

34 “314.752. (1) Except as provided in ORS 314.740 (5)(b), the tax credits allowed or allowable to
35 a C corporation for purposes of ORS chapter 317 or 318 shall not be allowed to an S corporation.
36 The business tax credits allowed or allowable for purposes of ORS chapter 316 shall be allowed or
37 are allowable to the shareholders of the S corporation.

38 “(2) In determining the tax imposed under ORS chapter 316, as provided under ORS 314.734, on
39 income of the shareholder of an S corporation, there shall be taken into account the shareholder’s
40 pro rata share of business tax credit (or item thereof) that would be allowed to the corporation (but
41 for subsection (1) of this section) or recapture or recovery thereof. The credit (or item thereof), re-
42 capture or recovery shall be passed through to shareholders in pro rata shares as determined in the
43 manner prescribed under section 1377(a) of the Internal Revenue Code.

44 “(3) The character of any item included in a shareholder’s pro rata share under subsection (2)
45 of this section shall be determined as if such item were realized directly from the source from which

1 realized by the corporation, or incurred in the same manner as incurred by the corporation.

2 “(4) If the shareholder is a nonresident and there is a requirement applicable for the business
3 tax credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS
4 316.117, then that provision shall apply to the nonresident shareholder.

5 “(5) As used in this section, ‘business tax credit’ means a tax credit granted to personal income
6 taxpayers to encourage certain investment, to create employment, economic opportunity or incentive
7 or for charitable, educational, scientific, literary or public purposes that is listed under this sub-
8 section as a business tax credit or is designated as a business tax credit by law or by the Depart-
9 ment of Revenue by rule and includes but is not limited to the following credits: ORS 285C.309
10 (tribal taxes on reservation enterprise zones and reservation partnership zones), ORS 315.104 (fore-
11 station and reforestation), ORS 315.138 (fish screening, by-pass devices, fishways), ORS 315.141
12 (biomass production for biofuel), ORS 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture
13 workforce housing), ORS 315.204 (dependent care assistance), ORS 315.208 (dependent care facili-
14 ties), ORS 315.213 (contributions for child care), ORS 315.304 (pollution control facility), ORS 315.326
15 (renewable energy development contributions), ORS 315.331 (energy conservation projects), ORS
16 315.336 (transportation projects), ORS 315.341 (renewable energy resource equipment manufacturing
17 facilities), ORS 315.354 and 469B.151 (energy conservation facilities), ORS 315.507 (electronic com-
18 merce) and ORS 315.533 (low income community jobs initiative) **and section 7 of this 2017 Act**
19 **(bovine manure) and section 19 of this 2017 Act (employee training programs).**

20 “**SECTION 22.** ORS 318.031 is amended to read:

21 “318.031. It being the intention of the Legislative Assembly that this chapter and ORS chapter
22 317 shall be administered as uniformly as possible (allowance being made for the difference in im-
23 position of the taxes), ORS 305.140 and 305.150, ORS chapter 314 and the following sections are in-
24 corporated into and made a part of this chapter: ORS 285C.309, 315.104, 315.141, 315.156, 315.204,
25 315.208, 315.213, 315.304, 315.326, 315.331, 315.336, 315.507 and 315.533 **and sections 7 and 19 of this**
26 **2017 Act** (all only to the extent applicable to a corporation) and ORS chapter 317.

27 28 “ENTERPRISE ZONES

29
30 “**SECTION 23.** ORS 285C.160 is amended to read:

31 “285C.160. (1) An eligible business firm seeking authorization under ORS 285C.140 and the
32 sponsor of the enterprise zone in which the firm intends to invest may enter into a written agree-
33 ment to extend the period during which the qualified property is exempt from taxation under ORS
34 285C.175 if the firm complies with the terms of the agreement.

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

37 “(3) In order for an agreement under this section to extend the period of exemption, the agree-
38 ment must be executed on or before the date on which the firm is authorized, and:

39 “(a) If the enterprise zone is a rural enterprise zone or an urban enterprise zone located inside
40 a metropolitan statistical area of fewer than 400,000 residents, the agreement must require that the
41 firm *[meet both of the following]*:

42 “(A)(i) Annually compensate all new employees hired by the firm at an average rate of *[not less*
43 *than]* **at least** 150 percent of the county average annual wage for each assessment year during the
44 tax exemption period, as determined at the time of authorization[.]; **or**

45 “(ii) **If the enterprise zone is located in a qualified rural county, annually compensate all**

1 **new employees hired by the firm at an average rate of at least 130 percent of the county**
2 **average annual wage for each assessment year during the tax exemption period, as deter-**
3 **mined at the time of authorization; and**

4 “(B) **Meet** any additional requirement that the sponsor may reasonably request.

5 “(b) **Notwithstanding paragraph (a)(A) of this subsection, the average wage received by**
6 **the newly hired employees must equal or exceed 100 percent of the average wage in the**
7 **county.**

8 “[b)] (c) If the enterprise zone is an urban enterprise zone located inside a metropolitan sta-
9 tistical area of 400,000 residents or more, the agreement must require that the firm meet any addi-
10 tional requirement the sponsor may reasonably require.

11 “(4) If a firm enters into an agreement under this section that includes a compensation re-
12 quirement under subsection (3)(a)(A) of this section and the firm subsequently submits one or more
13 statements of continued intent under ORS 285C.165, notwithstanding the terms of the agreement
14 made under this section, for each statement of continued intent submitted, the county average an-
15 nual wage under subsection (3)(a)(A) of this section shall be adjusted to a level that is current with
16 the statement.

17 “**SECTION 24.** ORS 285C.050 is amended to read:

18 “285C.050. As used in ORS 285C.050 to 285C.250, unless the context requires otherwise:

19 “(1) ‘Assessment date’ and ‘assessment year’ have the meanings given those terms in ORS
20 308.007.

21 “(2) ‘Authorized business firm’ means an eligible business firm that has been authorized under
22 ORS 285C.140.

23 “(3) ‘Business firm’ means a person operating or conducting one or more trades or businesses,
24 a people’s utility district organized under ORS chapter 261 or a joint operating agency formed under
25 ORS chapter 262, but does not include any other governmental agency, municipal corporation or
26 nonprofit corporation.

27 “(4) ‘County average annual wage’ means:

28 “(a) The most recently available average annual covered payroll for the county in which the
29 enterprise zone is located, as determined by the Employment Department; or

30 “(b) If the enterprise zone is located in more than one county, the highest county average an-
31 nual wage as determined under paragraph (a) of this subsection.

32 “(5) ‘Electronic commerce’ means engaging in commercial or retail transactions predominantly
33 over the Internet or a computer network, utilizing the Internet as a platform for transacting busi-
34 ness, or facilitating the use of the Internet by other persons for business transactions, and may be
35 further defined by the Oregon Business Development Department by rule.

36 “(6) ‘Eligible business firm’ means a firm engaged in an activity described under ORS 285C.135
37 that may file an application for authorization under ORS 285C.140.

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

40 “(8) ‘Enterprise zone’ means one of the 30 areas designated or terminated and redesignated by
41 order of the Governor under ORS 284.160 (1987 Replacement Part) before October 3, 1989, one of the
42 areas designated by the Director of the Oregon Business Development Department under ORS
43 285C.080 before October 5, 2015, an area designated under ORS 285C.065, a federal enterprise zone
44 area designated under ORS 285C.085, an area designated under ORS 285C.250 or a reservation en-
45 terprise zone designated, or a reservation partnership zone cosponsored, under ORS 285C.306.

1 “(9) ‘Federal enterprise zone’ means any discrete area wholly or partially within this state that
2 is designated as an empowerment zone, an enterprise community, a renewal community or some
3 similar designation for purposes of improving the economic and community development of the area.

4 “(10) ‘First-source hiring agreement’ means an agreement between an authorized business firm
5 and a publicly funded job training provider whereby the provider refers qualified candidates to the
6 firm for new jobs and job openings in the firm.

7 “(11) ‘In service’ means being used or occupied or fully ready for use or occupancy for com-
8 mercial purposes consistent with the intended operations of the business firm as described in the
9 application for authorization.

10 “(12) ‘Modification’ means modernization, renovation or remodeling of an existing building,
11 structure or real property machinery or equipment.

12 “(13) ‘New employees hired by the firm’:

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

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

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

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

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

20 “(14) ‘Publicly funded job training provider’ includes but is not limited to a community college,
21 a service provider under the federal Workforce Investment Act Title I-B (29 U.S.C. 2801 et seq.), or
22 a similar program.

23 “(15) ‘Qualified business firm’ means a business firm described in ORS 285C.200, the qualified
24 property of which is exempt from property tax under ORS 285C.175.

25 “(16) ‘Qualified property’ means property described under ORS 285C.180.

26 “(17) ‘**Qualified rural county**’ means a county:

27 “(a) **That is outside all metropolitan statistical areas, as defined by the most recent fed-
28 eral decennial census; and**

29 “(b) **In which, on the most recently certified property tax assessment roll, the total
30 property taxes imposed by all taxing districts within the county are equal to or greater than
31 1.3 percent of the total assessed value of all taxable property located in the county.**

32 “[17] (18) ‘Rural enterprise zone’ means:

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

35 “(b) A reservation enterprise zone designated, or a reservation partnership zone cosponsored,
36 under ORS 285C.306.

37 “[18] (19) ‘Sparsely populated county’ means a county with a density of 100 or fewer persons
38 per square mile, based on the most recently available population figure for the county from the
39 Portland State University Population Research Center.

40 “[19] (20) ‘Sponsor’ means:

41 “(a) The city, county or port, or any combination of cities, counties or ports, that received ap-
42 proval of an enterprise zone under ORS 284.150 and 284.160 (1987 Replacement Part), under ORS
43 285C.080 before October 5, 2015, or under ORS 285C.085 or 285C.250 or that designated an enterprise
44 zone under ORS 285C.065 or 285C.250;

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

1 “(c) The tribal government and the cosponsoring city, county or port, in the case of a reserva-
2 tion partnership zone; or

3 “(d) A city, county or port that joined the enterprise zone through a boundary change under
4 ORS 285C.115 (6) or a port that joined the enterprise zone under ORS 285C.068.

5 “[20] (21) ‘Tax year’ has the meaning given that term in ORS 308.007.

6 “[21] (22) ‘Urban enterprise zone’ means an enterprise zone in a metropolitan statistical area,
7 as defined by the most recent federal decennial census, that is located inside a regional or metro-
8 politan urban growth boundary.

9 “[22] (23) ‘Year’ has the meaning given that term in ORS 308.007.

10 **“SECTION 25. The amendments to ORS 285C.050 and 285C.160 by sections 23 and 24 of**
11 **this 2017 Act apply to agreements executed on or after the effective date of this 2017 Act.**

12 **“SECTION 26.** ORS 285C.412 is amended to read:

13 “285C.412. In order for a facility of a business firm to continue to be exempt from ad valorem
14 property taxation under ORS 285C.409 for a tax year following the first assessment date on which
15 the facility is in service, all of the conditions of any one of the alternative subsections in this sec-
16 tion must be met:

17 “(1) In order for the exemption under ORS 285C.409 (1)(c) to be allowable pursuant to this sub-
18 section:

19 “(a) By the end of the calendar year in which the facility is placed in service, the total cost of
20 the facility exceeds the lesser of \$25 million or one percent of the real market value of all nonex-
21 empt taxable property in the county in which the facility is located, as determined for the assess-
22 ment year in which the business firm is certified (and rounded to the nearest \$10 million of such
23 value);

24 “(b) The business firm hires or will hire at least 75 full-time employees at the facility by the end
25 of the fifth calendar year following the year in which the facility is placed in service; and

26 “(c) The annual average compensation for employees, based on payroll, at the business firm’s
27 facility *[is]* **must be** at least 150 percent of the average wage in the county in which the facility is
28 located, **or, if the facility is located in a qualified rural county, determined as of the date on**
29 **which the written agreement between the zone sponsor and the business firm was executed,**
30 **the annual average compensation must be at least 130 percent of the average wage in the**
31 **county in which the facility is located.** This requirement may be initially met in any year during
32 the first five years after the year in which *[operation of the facility begins]* **the facility is placed in**
33 **service,** and thereafter is met if:

34 **“(A) The annual average compensation at the facility for the year equals or exceeds 150 per-**
35 **cent of the average wage in the county for the year in which the requirement is initially met[.] or,**
36 **for a facility located in a qualified rural county, determined as of the date on which the**
37 **written agreement between the zone sponsor and the business firm was executed, the annual**
38 **average compensation at the facility for the year equals or exceeds 130 percent of the aver-**
39 **age wage in the county for the year in which the requirement is initially met; and**

40 **“(B) The average wage at the facility equals or exceeds 100 percent of the average wage**
41 **in the county.**

42 “(2) In order for the exemption under ORS 285C.409 (1)(c) to be allowable pursuant to this sub-
43 section:

44 “(a) The facility meets the total cost requirements set forth in subsection (1)(a) of this section;

45 “(b) The business firm meets the annual average compensation requirements set forth in sub-

1 section (1)(c) of this section; and

2 “(c)(A) The business firm hires or will hire at least 10 full-time employees at the facility by the
3 end of the third calendar year following the year in which the facility is placed in service, and at
4 the time that the business firm is certified, the location of the facility is in a county with a popu-
5 lation of 10,000 or fewer; or

6 “(B) The business firm hires or will hire at least 35 full-time employees at the facility by the end
7 of the third calendar year following the year in which the facility is placed in service, and at the
8 time that the business firm is certified, the location of the facility is in a county with a population
9 of 40,000 or fewer.

10 “(3) In order for the exemption under ORS 285C.409 (1)(c) to be allowable pursuant to this sub-
11 section:

12 “(a) By the end of the calendar year in which the facility is placed in service, the total cost of
13 the facility exceeds the lesser of \$12.5 million or one-half of one percent of the real market value
14 of all nonexempt taxable property in the county in which the facility is located, as determined for
15 the assessment year in which the business firm is certified (and rounded to the nearest \$10 million
16 of such value);

17 “(b) At the time that the business firm is certified, the location of the facility is 10 or more miles
18 from Interstate Highway 5, as measured between the two closest points between the facility site and
19 anywhere along that interstate highway;

20 “(c) The business firm meets the annual average compensation requirements set forth in sub-
21 section (1)(c) of this section; and

22 “(d)(A) The business firm hires or will hire at least 50 full-time employees at the facility by the
23 end of the third calendar year following the year in which the facility is placed in service; or

24 “(B) The business firm satisfies the requirements of subsection (2)(c)(A) or (B) of this section.

25 “(4) In order for the exemption under ORS 285C.409 (1)(c) to be allowable pursuant to this sub-
26 section:

27 “(a) Within three years either before or after the property tax year in which the facility is
28 placed in service, the business firm places one or more other facilities in the same or another en-
29 terprise zone for which the business firm is certified and otherwise meets the requirements of ORS
30 285C.400 to 285C.420;

31 “(b) The total cost of all facilities of the business firm exceeds \$25 million by the end of the
32 calendar year in which the last such facility is placed in service;

33 “(c) The business firm meets the annual average compensation requirements set forth in sub-
34 section (1)(c) of this section independently for each facility of the firm; and

35 “(d) The business firm hires or will hire a total of at least 100 full-time employees at all of the
36 firm’s facilities by the end of the fifth calendar year following the year in which the first such fa-
37 cility is placed in service.

38 “(5) In order for the exemption under ORS 285C.409 (1)(c) to be allowable pursuant to this sub-
39 section:

40 “(a) By the end of the calendar year in which the facility is placed in service, the total cost of
41 the facility exceeds \$200 million;

42 “(b) At the time that the business firm is certified, the location of the facility meets the siting
43 requirements of subsection (3)(b) of this section;

44 “(c) The business firm hires or will hire at least 10 full-time employees at the facility by the end
45 of the third calendar year following the year in which the facility is placed in service; and

1 “(d) The business firm meets the annual average compensation requirements set forth in sub-
2 section (1)(c) of this section.

3 “**SECTION 27.** ORS 285C.400 is amended to read:

4 “285C.400. As used in ORS 285C.400 to 285C.420:

5 “(1) ‘Business firm’ has the meaning given that term in ORS 285C.050.

6 “(2) ‘Certified business firm’ means a business firm that has been certified under ORS 285C.403.

7 “(3) ‘County with chronically low income or chronic unemployment’ means, based on the most
8 recently revised annual average unemployment rate or annual per capita income levels available, a
9 county in which:

10 “(a) The median ratio of the per capita personal income of the county to the equivalent annual
11 personal income figure of the entire United States for each year, as reported by the Bureau of
12 Economic Analysis of the United States Department of Commerce, is equal to or less than 0.75 over
13 the last 10 years;

14 “(b) The median ratio of the unemployment rate of the county to the equivalent rate of the en-
15 tire United States for each year is at least 1.3 over the last 20 years or over the last 10 years; or

16 “(c) The population of the county has experienced a negative net migration, irrespective of na-
17 tural population change, since the most recent federal decennial census occurring three or more
18 years prior to the current estimated population figure for the county, based on available population
19 statistics.

20 “(4) ‘Facility’ means the land, real property improvements and personal property that are used:

21 “(a) At a location in a rural enterprise zone that is identified in the application for certification
22 under ORS 285C.403; and

23 “(b) In those business operations of the business firm that are the subject of the application for
24 certification under ORS 285C.403.

25 “(5) ‘**Qualified rural county**’ means a county:

26 “(a) **That is outside all metropolitan statistical areas, as defined by the most recent fed-
27 eral decennial census; and**

28 “(b) **In which, on the most recently certified property tax assessment roll, the total
29 property taxes imposed by all taxing districts within the county are equal to or greater than
30 1.3 percent of the total assessed value of all taxable property located in the county.**

31 “[5] (6) ‘Rural enterprise zone’ has the meaning given that term in ORS 285C.050.

32 “**SECTION 28.** The amendments to ORS 285C.400 and 285C.412 by sections 26 and 27 of
33 this 2017 Act apply to exemptions initially allowed under ORS 285C.409 (1)(c) on or after the
34 effective date of this 2017 Act.

35 “**SECTION 29.** ORS 285C.503 is amended to read:

36 “285C.503. (1) A business firm seeking the income and corporate excise tax exemption allowed
37 under ORS 316.778 or 317.391 shall, before the commencement of construction, reconstruction, mod-
38 ification or installation of property or improvements at the location for which the exemption is
39 sought and before the hiring of any employees at that location, apply to the Oregon Business De-
40 velopment Department for preliminary certification under this section.

41 “(2) The application shall be on a form prescribed by the department and shall contain the fol-
42 lowing information:

43 “(a) The proposed location of the facility;

44 “(b) A description of the property to be constructed, reconstructed, modified, acquired, installed
45 or leased and that is to comprise the facility when the business firm commences business operations

1 at the facility;

2 “(c) If any property described in paragraph (b) of this subsection is to be leased, the term of the
3 lease;

4 “(d) The number of full-time, year-round employees the business firm intends to hire;

5 “(e) The minimum annual average compensation intended to be given to the employees described
6 in paragraph (d) of this subsection;

7 “(f) A description of any other business activities of the firm in this state at the time of appli-
8 cation, sufficient for the department to be able to determine if the proposed facility will constitute
9 a new business in this state; and

10 “(g) Any other information that the department requires.

11 “(3) An application filed under this section must be accompanied by a fee in an amount pre-
12 scribed by the Oregon Business Development Department by rule. The fee required by the depart-
13 ment may not exceed \$500.

14 “(4)(a) When an application is filed under this section, the department shall send copies of the
15 application to the governing bodies of the city and county in which the facility is proposed to be
16 located. If the facility is to be located within a port, the department shall also send a copy of the
17 application to the governing body of the port.

18 “(b) The governing body of a city, port or county described in paragraph (a) of this subsection
19 may object to the preliminary certification of a business firm if the firm would be:

20 “(A) In competition with an existing business employing individuals within the city, port or
21 county; or

22 “(B) Incompatible with economic growth or development standards that the city, port or county
23 had adopted prior to the date of application for preliminary certification.

24 “(c) If the governing body of the city, port or county decides to object to preliminary certifica-
25 tion of the firm, the governing body shall adopt a resolution stating its objection and the reason for
26 its objection.

27 “(d) The governing body of a city, port or county has 60 days from the date the application is
28 sent to the city, port or county to object to preliminary certification. If the objection is not made
29 within the 60-day period, the city, port or county shall be deemed to have agreed to preliminary
30 certification.

31 “(5) When an application is filed under this section, the department shall review the application
32 and determine whether all of the following requirements are met:

33 “(a) The proposed facility is to be located at a qualified location.

34 “(b) The proposed facility is intended to operate as a facility for at least 10 years following the
35 date the facility becomes operational.

36 “(c) The business firm intends to hire at least five employees for full-time, year-round employ-
37 ment.

38 “(d)(A) The newly hired employees described in paragraph (c) of this subsection are to receive
39 a minimum annual compensation of:

40 “[A] (i) 150 percent of the county per capita personal income of the county in which the fa-
41 cility is to be located **determined** as of the date of the application for preliminary certification;
42 [or]

43 “[B] (ii) 100 percent of the county per capita personal income of the county in which the fa-
44 cility is to be located **determined** as of the date of the application for preliminary certification and
45 the business firm will provide health insurance coverage to the employees at the facility who are

1 described in paragraph (c) of this subsection that equals or exceeds the health insurance benefits
2 provided to employees of the city, port or county in which the facility is to be located[.]; **or**

3 **“(iii) If the facility is to be located in a county that is outside all metropolitan statistical**
4 **areas, as defined by the most recent federal decennial census, 130 percent of the county per**
5 **capita personal income of the county in which the facility is to be located determined as of**
6 **the date of the application for preliminary certification.**

7 **“(B) Notwithstanding subparagraph (A) of this paragraph, the average wage received by**
8 **the newly hired employees must equal or exceed 100 percent of the average wage in the**
9 **county.**

10 “(e) The business operations of the business firm that are to be conducted at the facility con-
11 stitute a new business that the firm does not operate at another location in this state.

12 “(f) The business operations of the business firm will not compete with existing businesses in the
13 city or county in which the facility is to be located.

14 “(6) If the department determines that the proposed facility, if completed as described in the
15 application, meets the criteria set forth in subsection (5) of this section and the governing body of
16 the city, port or county does not object under subsection (4) of this section to preliminary certi-
17 fication of the firm, the department shall issue a preliminary certification to the firm.

18 “(7) If the department determines that the proposed facility, as set forth in the application, does
19 not meet the requirements for preliminary certification under this section, the department may not
20 issue a preliminary certification. The applicant may appeal the decision to not issue a preliminary
21 certification in the manner of a contested case under ORS chapter 183. No appeal may be made if
22 the reason for not issuing a preliminary certification is the objection of the governing body of the
23 city, port or county under subsection (4) of this section.

24 **“SECTION 30. The amendments to ORS 285C.503 by section 29 of this 2017 Act apply to**
25 **applications filed under ORS 285C.503 on or after the effective date of this 2017 Act.**

26 **“SECTION 31.** ORS 285B.600 is amended to read:

27 “285B.600. As used in ORS 285B.600 to 285B.620:

28 “(1) ‘Certified employer’ means an eligible employer certified under ORS 285B.605.

29 “(2) ‘Compensation’ has the meaning given that term in ORS 314.610.

30 “(3) ‘Eligible employee’ means a new full-time employee [*whose compensation averages at least*
31 *150 percent of the county or state average in annual per employee compensation, whichever is less,*]
32 who is **paid qualifying compensation and is** hired by a certified employer after the employer is
33 certified under ORS 285B.605.

34 “(4) ‘Eligible employer’ means an employer that, in the month in which the employer submits
35 an application under ORS 285B.608:

36 “(a) Has at least 150 employees;

37 “(b) Plans to hire at least 50 [*new full-time*] **eligible** employees in this state [*whose compensation*
38 *will average at least 150 percent of the county or state average in annual per employee compensation,*
39 *whichever is less*];

40 “(c) Operates in an industry in the traded sector, as that term is defined in ORS 285A.010; and

41 “(d) Is not a retailer, as that term is defined in ORS 72.8010.

42 “(5) ‘Estimated incremental Oregon Business Retention and Expansion Program tax revenues’
43 means the Oregon personal income tax revenues that are estimated pursuant to ORS 285B.618 to
44 be substantially equivalent to the amount of tax that eligible employees of an eligible employer will
45 be required to pay under ORS chapter 316 as a result of **qualifying** compensation paid to the eligible

1 employees by the eligible employer in the two consecutive tax years beginning with the tax year
2 following the tax year in which the employer receives certification under ORS 285B.605.

3 **“(6) ‘Qualifying compensation’ means:**

4 **“(a) Compensation that averages at least 150 percent of the lesser of the county or state**
5 **average annual per employee compensation; or**

6 **“(b) If the employees are to be hired in a county that is outside all metropolitan statis-**
7 **tical areas, as defined by the most recent federal decennial census, compensation that aver-**
8 **ages at least 130 percent of the lesser of the county or state average annual per employee**
9 **compensation.**

10 **“SECTION 32. The amendments to ORS 285B.600 by section 31 of this 2017 Act apply to**
11 **applications for certification submitted under ORS 285B.608 on or after the effective date of**
12 **this 2017 Act.**

13 **“SECTION 33. ORS 285C.403 is amended to read:**

14 **“285C.403. (1) Any business firm proposing to apply for the tax exemption provided under ORS**
15 **285C.409 shall, before the commencement of construction or installation of property or improvements**
16 **at a location in a rural enterprise zone and before the hiring of employees, apply for certification**
17 **with the sponsor of the zone and with the county assessor of the county or counties in which the**
18 **zone is located. The application shall be made on a form prescribed by the Department of Revenue.**

19 **“(2) The application shall contain the following information:**

20 **“(a) A description of the firm’s proposed business operations and facility in the rural enterprise**
21 **zone;**

22 **“(b) A description and estimated cost or value of the property or improvements to be con-**
23 **structed or installed at the facility;**

24 **“(c) An estimate of the number of employees at the facility that will be hired by the firm;**

25 **“(d) A commitment to meet the applicable requirements of ORS 285C.412;**

26 **“(e) A commitment to satisfy all additional conditions agreed to pursuant to the written agree-**
27 **ment between the rural enterprise zone sponsor and the business firm under subsection (3)(c) of this**
28 **section; and**

29 **“(f) Any other information considered necessary by the Department of Revenue.**

30 **“(3) The sponsor and the county assessor shall certify the business firm by approving the ap-**
31 **plication if the sponsor and the county assessor determine that all of the following requirements**
32 **have been met:**

33 **“(a) The governing body of the county and city in which the facility is located has adopted a**
34 **resolution approving the property tax exemption for the facility.**

35 **“(b) The business firm has committed to meet the applicable requirements of ORS 285C.412.**

36 **“(c) The business firm has entered into a written agreement with the sponsor of the rural en-**
37 **terprise zone that may include any additional requirements that the sponsor may reasonably request,**
38 **including but not limited to contributions for local services or infrastructure benefiting the facility.**
39 **The written agreement shall state the number of consecutive tax years for which the facility, fol-**
40 **lowing commencement of operations, is to be exempt from property tax under ORS 285C.409. The**
41 **agreement may not provide for a period of exemption that is less than seven consecutive tax years**
42 **or more than 15 consecutive tax years. If the agreement is silent on the number of tax years for**
43 **which the facility is to be exempt following placement in service, the exemption shall be for seven**
44 **consecutive tax years.**

45 **“(d) When the written agreement required under paragraph (c) of this subsection is exe-**

1 **cuted**, the facility is located in:

2 “(A) A **qualified rural** county; or

3 “(B) A **county** with chronically low income or chronic unemployment, based on the most re-
4 cently revised annual data available [*when the written agreement with the zone sponsor is executed*].

5 “(4) The approval of an application by both the sponsor and the county assessor under sub-
6 section (3) of this section shall be prima facie evidence that the business firm will qualify for the
7 property tax exemption under ORS 285C.409.

8 “(5) The sponsor and the county assessor shall provide copies of an approved application to the
9 applicant, the Department of Revenue and the Oregon Business Development Department.

10 “(6) If the sponsor or the county assessor fails or refuses to certify the business firm, the busi-
11 ness firm may appeal to the Oregon Tax Court under ORS 305.404 to 305.560. The business firm shall
12 provide copies of the firm’s appeal to the sponsor, the county assessor, the Oregon Business Devel-
13 opment Department and the Department of Revenue.

14
15 **“FISH SCREENING CREDIT**

16
17 “**SECTION 34.** Section 11, chapter 913, Oregon Laws 2009, as amended by section 18a, chapter
18 730, Oregon Laws 2011, is amended to read:

19 “**Sec. 11.** The State Department of Fish and Wildlife may not issue a preliminary certificate of
20 approval under ORS 315.138 after January 1, [2018] **2024**.

21
22 **“UNIT CAPTIONS**

23
24 “**SECTION 35.** **The unit captions used in this 2017 Act are provided only for the conven-**
25 **ience of the reader and do not become part of the statutory law of this state or express any**
26 **legislative intent in the enactment of this 2017 Act.**

27
28 **“EFFECTIVE DATE**

29
30 “**SECTION 36.** **This 2017 Act takes effect on the 91st day after the date on which the 2017**
31 **regular session of the Seventy-ninth Legislative Assembly adjourns sine die.”.**