

( ) Discussion only

( X ) Action

FROM (DEPT/ DIVISION): County Counsel

**SUBJECT:** Letter in Opposition

<p>Background:</p> <p>The Board has been requested to join with other counties in the opposition to HB 2725. The proposed legislation impacts which port districts are required to be involved in strategic investment program agreements.</p>	<p>Requested Action:</p> <p>Approve and sign letter</p>
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ATTACHMENTS : Legislation; Proposed Letter

\*\*\*\*\*For Internal Use Only\*\*\*\*\*

### Checkoffs:

( ) Dept. Heard (copy)

( ) Human Resources (copy)

( X ) Legal (copy)

( ) (Other - List:)

To be notified of Meeting:

Needed at Meeting:

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Scheduled for meeting on: June 18, 2025

Action taken:

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Follow-up:

# House Bill 2725

Sponsored by Representative PHAM H, Senator SOLLMAN; Representatives LIVELY, MCLAIN, SOSA, WALLAN, Senators MEEK, REYNOLDS (Presession filed.)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act would limit the kind of port district that must be a party to a contract in the strategic investment program. (Flesch Readability Score: 65.2).

Limits the kind of port districts that are required to be involved in strategic investment program agreements with respect to eligible projects that are located in the port district's territory.

Takes effect on the 91st day following adjournment sine die.

## A BILL FOR AN ACT

Relating to the inclusion of ports in strategic investment program agreements; creating new provisions; amending ORS 285C.600 and 285C.609; and prescribing an effective date.

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

**SECTION 1.** ORS 285C.609 is amended to read:

285C.609. (1) A determination under ORS 285C.606 (1) by the Oregon Business Development Commission that a project shall be exempt from property taxation under ORS 307.123 must be requested by official action of the governing body of the county **in which the proposed eligible project will be located**, taken at a regular or duly called special meeting *[thereof]* **of the governing body. The request shall require approval** by the affirmative vote of a majority of *[its]* **the members of the governing body.**

(2) The governing body of *[any Oregon]* **a** county shall forward *[appropriate prospective]* **approved** eligible projects to the Oregon Business Development Department for processing.

(3) For purposes of this section, for projects located on a federally recognized Oregon Indian reservation, the governing body of a county shall be considered *[to be]* the governing body of the federally recognized Oregon Indian tribe.

(4) The county may not make the request under subsection (1) of this section unless, after a public hearing:

(a) The county and, if the proposed eligible project will be located within the boundaries of a city or **affected** port, the city or **affected** port have entered into an agreement with the business firm, as described in this subsection. The Oregon Business Development Department shall make available, in a timely manner, training materials related to negotiation techniques in such circumstances to the county, city or **affected** port, as applicable.

(b) The agreement provides for the payment of a fee by the business firm, as follows:

(A) The fee shall be for community services support that relates to the direct impact of the eligible project on public services.

(B) The fee shall be in an amount equal to 25 percent of the property taxes that would, but for the exemption, be due on the exempt property in each assessment year, but not exceeding \$3 million

**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 in any year.

2 (C) The fee shall be paid annually during the tax exemption period, as of a date set forth in the  
3 agreement.

4 (c) The agreement provides for the refunding or crediting of overpayments, for interest on late  
5 payments or underpayments and for the manner in which the appeal of the assessed value of the  
6 property included in the project will affect the fee.

7 (5) The maximum fee amount allowed under subsection (4)(b) of this section shall be adjusted  
8 each year for the property tax year beginning on July 1 by multiplying \$3 million by the ratio of the  
9 increase, if any, in the monthly averaged Consumer Price Index for All Urban Consumers, West  
10 Region, for the 12 consecutive months ending December 31 of the prior calendar year over the  
11 monthly averaged index for the 12 consecutive months ending December 31, 2023. The amount of any  
12 increase determined under this subsection shall be rounded to the nearest multiple of \$1,000.

13 (6) The agreement described in subsection (4) of this section may provide for any other re-  
14 quirements related to the project.

15 (7)(a) The fee collected under subsection (4)(b) of this section shall be distributed by the county  
16 based on an agreement. The agreement is effective only if the following public bodies have entered  
17 into the agreement:

18 (A) The county and the city or **affected** port, if any, in which the eligible project is located;

19 (B) All special districts in the code area in which the eligible project is located that provide  
20 services related to public safety, fire prevention and response, ambulance or other emergency med-  
21 ical response or emergency communications; and

22 (C) Local taxing districts listed in ORS 198.010 or 198.180, other than **affected** ports, that con-  
23 stitute at least 75 percent of the property tax authority of all local taxing districts listed in ORS  
24 198.010 or 198.180, other than **affected** ports, in the code area in which the eligible project is lo-  
25 cated.

26 (b) If an effective agreement is not entered into under paragraph (a) of this subsection within  
27 three months after the date of the determination by the commission under ORS 285C.606 (1), the  
28 commission shall, by official action, establish a formula for distributing the fee collected under  
29 subsection (4)(b) of this section.

30 **SECTION 2.** ORS 285C.600 is amended to read:

31 285C.600. As used in ORS 285C.600 to 285C.635:

32 (1) **“Affected port” means a port district on the Columbia River formed under ORS**  
33 **chapter 777 that owns at least four industrial parks.**

34 [(1)] (2) “Business firm” has the meaning given that term in ORS 285C.050.

35 [(2)] (3) “Consumer Price Index for All Urban Consumers, West Region” means the Consumer  
36 Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor  
37 Statistics of the United States Department of Labor.

38 [(3)] (4) “Eligible project” means a project that meets criteria established by the Oregon Busi-  
39 ness Development Commission to be exempt from property taxation under ORS 307.123.

40 [(4)] (5) “First-source hiring agreement” has the meaning given that term in ORS 285C.050.

41 [(5)] (6) “Newly created jobs” means, for an eligible project, total jobs less retained jobs.

42 [(6)] (7) “Publicly funded job training provider” has the meaning given that term in ORS  
43 285C.050.

44 [(7)] (8) “Rural area” means an area located entirely outside of the urban growth boundary of  
45 a city with a population of 40,000 or more, as the urban growth boundary is acknowledged on the

1 date on which an applicant submits an application, pursuant to rules adopted by the Oregon Busi-  
2 ness Development Department, for property tax exemption under ORS 307.123.

3 [(8)] (9) “Strategic investment zone” means a geographic area established under ORS 285C.623,  
4 within which the property of eligible projects may be exempt from property taxation under ORS  
5 307.123.

6 **SECTION 3. The amendments to ORS 285C.600 and 285C.609 by sections 1 and 2 of this**  
7 **2025 Act apply to requests made under ORS 285C.609 on or after the effective date of this**  
8 **2025 Act.**

9 **SECTION 4. This 2025 Act takes effect on the 91st day after the date on which the 2025**  
10 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**



## Letter of Joint Opposition to HB 2725

Respected State Legislators,

As representatives of the counties most impacted by HB 2725, we unitedly stand opposed to the proposed bill and amendment. HB 2725 is a response to HB 2009 (2023). In that omnibus bill, HB 2009 provided a much-needed adjustment to payment in lieu of tax programs by increasing the participation of special districts. Unfortunately, a late amendment added ports as a primary party to any Strategic Investment Program (SIP). *Notably, none of the staff materials or testimony addressed the purpose of adding ports.* The result is that the scope of port taxing districts has extended far beyond their operational boundaries, thus creating an adverse impact on a county's ability to utilize SIP incentives. Including ports in the SIP equation on equal grounds with counties and cities allows the 24 ports to have a disproportionate representation over other special districts and creates a *de facto* veto power for the ports in 14 counties when it comes to SIP incentives.

While HB 2725 attempts to reduce this impact of HB 2009 (2023), it fails to do so comprehensively and focuses the program on a small number of counties in an arbitrary manner, devoid of any justification or explanation. The introduced bill HB 2725 effectively results in HB 2009 impacting only three counties: Columbia, Morrow, and Umatilla. The amended bill would directly impact five counties with ports along the Columbia River: Hood River, Wasco, Gilliam, Morrow and Umatilla. **Neither action provides any reason why these counties need to be treated differently from the rest of the state.**

The counties along the Columbia River are being unduly targeted through HB 2725. We ask for your support in treating all counties equally in consideration of SIP use for economic development. If the western counties can utilize SIP agreements without port participation, then all counties should have that capability. We ask for your consideration for equitable treatment and to oppose HB 2725 until all counties are treated equally.

Sincerely,

### Gilliam County

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Judge Chris Patnode

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Commissioner Leah Watkins

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Commissioner Grant Wilkins

### Hood River County

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Chair Jennifer Euwer

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Commissioner Ed Weathers

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Commissioner Leticia Moretti

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Commissioner Chad Muenzer

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Commissioner Arthur Babitz

**Morrow County**

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Chair David Sykes

---

Commissioner Jeff Wenholz

---

Commissioner August Peterson

**Umatilla County**

---

Chair Cindy Timmons

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Commissioner Dan Dorran

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Commissioner John Shafer

**Wasco County**

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Chair Scott Hege

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Commissioner Phil Brady

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Commissioner Jeff Justesen

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