

Senate Bill 1532

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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**.

Clarifies that property subject to central assessment may be granted enterprise zone exemption.
Applies to property tax years beginning on or after July 1, 2011.
Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to the exemption of property in enterprise zones; creating new provisions; amending ORS
3 285C.170, 285C.180 and 285C.409; and prescribing an effective date.

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

5 **SECTION 1.** ORS 285C.180 is amended to read:

6 285C.180. (1) The following types of property are qualified for exemption under ORS 285C.175:

7 (a) A newly constructed building or structure.

8 (b) A new addition to or modification of an existing building or structure.

9 (c) Any real property machinery or equipment or personal property, whether new, used or re-
10 conditioned, that is installed on property that is owned or leased by an authorized business firm,
11 and:

12 (A) Newly purchased or leased by the firm, unless the property is described in ORS 285C.175
13 (4)(a); or

14 (B) Newly transferred into the enterprise zone from outside the county within which the site
15 of the firm is located and installed.

16 (d) Any property otherwise described in this section that is owned or leased and operated by a
17 business firm that is engaged in electronic commerce, if the enterprise zone in which the property
18 is located is a zone approved for electronic commerce designation under ORS 285C.095.

19 (2) Property described in subsection (1) of this section is qualified under this section only if:

20 (a) The property meets or exceeds the minimum cost requirements established under ORS
21 285C.185;

22 (b) The property satisfies applicable usage, lease or location requirements established under
23 ORS 285C.185;

24 (c) The property was constructed, added, modified or installed to further the production of in-
25 come;

26 (d) The property is owned or leased by an authorized business firm;

27 (e) The location of the property corresponds to the location as set forth in the application for
28 authorization of the business firm and consists of a single site or multiple sites adjacent to or having
29 comparable proximity to each other, within the boundaries of the enterprise zone;

30 (f) The property is the same general type of property as described in the application for au-

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 thORIZATION; and

2 (g) In the case of an eligible business firm described in ORS 285C.135 (5)(b), the actual invest-
 3 ment at the facility of the firm is consistent with the description set forth in the application for
 4 authorization.

5 **(3) Property of any kind, whether real, personal, tangible or intangible, that is otherwise**
 6 **qualified for exemption under this section or ORS 285C.170 or 285C.175 may be exempted**
 7 **under ORS 285C.170 or 285C.175, regardless of whether the property is subject to assessment**
 8 **under ORS 308.505 to 308.665.**

9 [(3)] (4) Notwithstanding subsection (1) of this section, the following property is not qualified for
 10 exemption under ORS 285C.175:

11 (a) Land.

12 (b) Property that was not in use or occupancy for more than a 180-day period that ends during
 13 the preceding assessment year.

14 (c) On-site developments that, consistent with ORS 307.010, are assessed as land.

15 (d) Noninventory supplies, including but not limited to lubricants.

16 (e) Any operator-driven item of machinery or equipment or any vehicle, if the item or vehicle
 17 moves by internal motorized power. An item or vehicle described in this paragraph includes but is
 18 not limited to an item or vehicle that moves within an enclosed space.

19 (f) Any device or rolling stock that is pulled, pushed or carried by a vehicle that is suitable as
 20 a mode of transportation beyond the enterprise zone boundary.

21 [(4)] (5) Subsection [(3)(b)] (4)(b) of this section does not apply to the first assessment year for
 22 which the property is exempt under ORS 285C.175.

23 [(5)] (6) For purposes of this section and ORS 285C.175, property includes any portion or incre-
 24 mental unit of property that is newly constructed or installed, or that is a new addition to or mod-
 25 ification of an existing building or structure.

26 **SECTION 2.** ORS 285C.170 is amended to read:

27 285C.170. (1) Property shall be exempt from ad valorem property taxation under this section if:

28 (a) The property is located in an enterprise zone;

29 (b) The property is owned or leased by an authorized business firm or the business firm is
 30 contractually obligated to own or lease the property upon the property's being placed in service;

31 (c) The property is or, upon completion of the construction, addition, modification or installation
 32 of the property, will be qualified property;

33 (d) The authorization of the business firm remains active under ORS 285C.140 or 285C.165;

34 (e) The property has not been subject to exemption under ORS 307.330 at the location;

35 [(f) *The property is not and will not be centrally assessed under ORS 308.505 to 308.665;*]

36 [(g)] (f) The property is not to be operated as all or a part of a hotel, motel or destination resort;
 37 and

38 [(h)] (g) There is no known reason to conclude that the property or the firm will not satisfy any
 39 applicable requirements for the property to be exempt under ORS 285C.175 upon being placed in
 40 service.

41 (2) Property may be exempt under this section for no more than two tax years, which must be
 42 consecutive.

43 (3) In determining whether property is exempt under this section, the county assessor:

44 (a) Shall adhere to the same procedures as apply under ORS 285C.175 (6) and (7); and

45 (b) May require the submission of additional evidence by the authorized business firm or zone

1 sponsor showing that the property qualifies for exemption under this section. If required, the addi-
2 tional evidence must be submitted on or before April 1 of the assessment year.

3 (4) The exemption under this section does not depend on the property or the authorized business
4 firm receiving the exemption under ORS 285C.175 or satisfying requirements applicable to the ex-
5 emption under ORS 285C.175.

6 (5) A year in which property is exempt under this section shall be considered a year in which
7 the property is exempt under ORS 307.330 for purposes of determining the maximum number of years
8 for which the property may be exempt under this section or ORS 307.330.

9 **SECTION 3.** ORS 285C.409 is amended to read:

10 285C.409. (1) A facility of a certified business firm is exempt from ad valorem property taxation:

11 (a) For the first tax year following the calendar year in which the business firm is certified
12 under ORS 285C.403 or after which construction or reconstruction of the facility commences,
13 whichever event occurs later;

14 (b) For each subsequent tax year in which the facility is not yet in service as of the assessment
15 date; and

16 (c) For a period of at least seven consecutive tax years but not more than 15 consecutive tax
17 years, as provided in the written agreement between the business firm and the rural enterprise zone
18 sponsor under ORS 285C.403 (3)(c), if the facility satisfies the requirements of ORS 285C.412. The
19 period described in this paragraph shall commence as of the first tax year in which the facility is
20 in service as of the assessment date.

21 *[(2) An exemption under this section may not be allowed for real or personal property that has*
22 *received a property tax exemption under ORS 285C.170 or 285C.175.]*

23 *[(3)]* (2) For each tax year that the facility is exempt from taxation under this section, the
24 county assessor shall:

25 (a) Enter on the assessment and tax roll, as a notation, the real market value and assessed value
26 of the facility.

27 (b) Enter on the assessment and tax roll, as a notation, the amount of tax that would be due if
28 the facility were not exempt.

29 (c) Indicate on the assessment and tax roll that the property is exempt and is subject to poten-
30 tial additional taxes as provided in ORS 285C.420 by adding the notation "enterprise zone exemption
31 (potential additional tax)."

32 *[(4)]* (3) The amount determined under subsection *[(3)(b)]* (2)(b) of this section and the name of
33 the business firm shall be reported to the Department of Revenue on or before December 31 of each
34 tax year so that the department may compute the distributions described in ORS 317.131.

35 (4) **Property of any kind, whether real, personal, tangible or intangible, that is otherwise**
36 **eligible for exemption under this section may be exempted under this section, regardless of**
37 **whether the property is subject to assessment under ORS 308.505 to 308.665.**

38 (5) The following property may not be exempt from property taxation under this section:

39 (a) Land.

40 (b) Any property that existed at the facility on an assessment date before the assessment date
41 for the first tax year for which property of the firm is exempt under this section.

42 (6) **An exemption under this section may not be allowed for real or personal property that**
43 **has received a property tax exemption under ORS 285C.170 or 285C.175.**

44 **SECTION 4. The amendments to ORS 285C.170, 285C.180 and 285C.409 by sections 1 to 3**
45 **of this 2012 Act apply to property tax years beginning on or after July 1, 2011.**

1 **SECTION 5.** For the property tax year beginning on July 1, 2011:

2 (1) If tax on any value that is exempt from property taxation by operation of the
3 amendments to ORS 285C.170, 285C.180 or 285C.409 by sections 1 to 3 of this 2012 Act has not
4 been paid, the tax and any interest are abated.

5 (2) If tax on any exempt value described in subsection (1) of this section has been paid,
6 the tax collector shall notify the governing body of the county of the refund required under
7 ORS 285C.050 to 285C.250 or 285C.400 to 285C.420. Upon receipt of notice from the tax collec-
8 tor, the governing body shall cause a refund of the tax and any interest paid to be made from
9 the refund reserve account, if the county has established a refund reserve account under
10 ORS 311.807, or from the unsegregated tax collections account described in ORS 311.385. The
11 refund under this subsection shall be made without interest. The county assessor and the
12 tax collector shall make the necessary corrections in the records of their offices.

13 **SECTION 6.** This 2012 Act takes effect on the 91st day after the date on which the 2012
14 regular session of the Seventy-sixth Legislative Assembly adjourns sine die.

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