

REVENUE: Revenue statement issued

FISCAL: No fiscal impact

Action: Do pass as amended, be printed engrossed and be placed on the consent calendar

Vote: 9-0-0

Yeas: Berger, Bruun, Butler, Gelser, Olson, Read, Rosenbaum, Witt, Barnhart

Nays:

Exc.:

Prepared By: Mary Ayala, Economist

Meeting Dates: 4/30, 5/8

WHAT THE BILL DOES: Creates a property tax exemption for property used for a natural gas pipeline extension project, including later additions or improvements not to exceed 115 miles, if the project receives funds from the Oregon Unified International Trade Fund and the project is owned by a local government. Applies to tax years on or after July 1, 2007. Takes effect 91 days after sine die.

ISSUES DISCUSSED:

- That the Legislature passed SB710 in 1997 which created the Oregon Unified Trust Fund in order to increase infrastructure capacity in the state. That the Legislature enacted HB 2832 in 1999 in order to designate \$20 million towards the construction of a natural gas pipeline that would benefit Coos County's economy. Coos County funded the remainder of this project's construction cost.
- That recent court rulings for other relationships between privately owned electric companies and city owned electric companies held that property owned by an exempt entity, but used for profit by a centrally assessed entity, was taxable.
- That NW Natural Gas makes no profit from the pipeline; Coos County considers the pipeline a public works project designed to promote economic development.
- Limits on later additions or improvements to the pipeline.

EFFECT OF COMMITTEE AMENDMENTS: Removes the exemption for 'later additions or improvements' and applies it to a length of pipeline not to exceed 115 miles.

BACKGROUND: Coos County built and owns a natural gas pipeline; and NW Natural Gas operates it at cost for the County. However, the Department imposes a property tax on NW Natural Gas on the basis of its use of the pipeline.

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This summary has not been adopted or officially endorsed by action of the committee.