

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action: Do pass as amended and be printed engrossed

Vote: 9-0-0

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

Nays:

Exc.:

Prepared By: Mary Ayala, Economist

Meeting Dates: 5/14, 5/29, 5/30

WHAT THE BILL DOES: Permits tax-exempt entities to claim exemption for property held under sublease from taxable owner. Requires that any change in the use of the property due to a sublease to another tax exempt entity requires that a new claim for the exemption shall be filed with the tax assessor. Requires that sub lessees qualifying for the exemption must file a claim in writing by December 31st following the effective date of this Act. Applies to tax years on or after July 1, 2007.

ISSUES DISCUSSED:

- Testimony from a representative of a company that paid \$190,000 in property tax to Lane County in 2006 because it subleased property from a taxable entity. The company is a qualified exempt owner that would not have owed this tax, had it leased property from a taxable owner, as opposed to subleasing the property from the taxable owner's subsidiary.
- How to simplify the law so that legislative intent regarding either a sublease arrangement or lease arrangement with a taxable or exempt owner results in property tax exemption if the lessee is an exempt entity and the tax savings is passed on to this lessee.

EFFECT OF COMMITTEE AMENDMENTS: Adds that any change in the use of the property due to a sublease to another tax exempt entity requires that a new claim for the exemption shall be filed with the tax assessor. Requires that sub lessees qualifying for the exemption must file a claim in writing by December 31st next following the effective date of this Act. Applies to tax years on or after July 1, 2007.

BACKGROUND: Current law allows a tax-exempt entity to claim exemption if it has a lease or a lease-purchase agreement with a property owner that is subject to tax subject to conditions. First, the property must be used for purpose required by law; and second, the rent paid by the entity must reflect the savings that the exemption provides.

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