

House Bill 3064

Sponsored by Representative BERGER (at the request of Oregon Cable Telecommunications Association)

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**.

Directs assessment by cost approach for intangible personal property of communications companies. Provides that intangible personal property may not account for more than 20 percent of communications company's property tax bill.

A BILL FOR AN ACT

1
2 Relating to intangible property tax assessments; amending ORS 308.515.

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

4 **SECTION 1.** ORS 308.515 is amended to read:

5 308.515. (1) The Department of Revenue shall make an annual assessment of any property that
6 has a situs in this state and that, except as provided in subsection (3) of this section, is used or held
7 for future use by any company in performing or maintaining any of the following businesses or ser-
8 vices or in selling any of the following commodities, whether in domestic or interstate commerce
9 or both, and whether mutually, or for hire, sale or consumption by other persons:

10 (a) Railroad transportation;

11 (b) Railroad switching and terminal;

12 (c) Electric rail and trackless trolley transportation;

13 (d) Private railcar transportation;

14 (e) Air transportation;

15 (f) Water transportation upon inland water of the State of Oregon;

16 (g) Air or railway express;

17 (h) Communication;

18 (i) Heating;

19 (j) Gas;

20 (k) Electricity;

21 (L) Pipeline;

22 (m) Toll bridge; or

23 (n) Private railcars of all companies not otherwise listed in this subsection, if the private
24 railcars are rented, leased or used in railroad transportation for hire.

25 (2) The assessment described in subsection (1) of this section shall be made on an assessment
26 roll that is prepared by the division of the department charged with property tax administration.

27 (3) There may not be assessed under subsection (1) of this section:

28 (a) Any property used by or for water transportation companies whose watercraft ply exclu-
29 sively on the high seas, or between the high seas and inland water ports or terminals, or any com-
30 bination thereof.

31 (b) Any property used by or for water transportation companies exclusively for hire by other

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 persons for booming and rafting, dredging, log or marine salvage, ship berthing, maintenance, sludge
2 removal, cleaning or repair, marine or water-based construction, or guide service.

3 (c) Any property used by or for interstate ferries or by or for water transportation companies
4 as ferries operating directly across interstate rivers.

5 (d) Any property of the National Railroad Passenger Corporation as long as federal law pro-
6 hibits the National Railroad Passenger Corporation from paying property taxes.

7 (e) Any aircraft that is required to be registered under ORS 837.040 for all or any part of the
8 calendar year, and that is not used to provide scheduled passenger service.

9 (4) For the purposes of this section, ORS 308.256 and 308.550, "inland water" means all water
10 or waters within the State of Oregon, all interstate rivers touching Oregon and all tidewaters ex-
11 tending to the ocean bars.

12 (5) Any corporation included within subsection (1) of this section, to the extent that it actively
13 engages in any business or service not described therein or not incidental to any business or service
14 or sale of a commodity described therein, may not to that extent be deemed a corporation whose
15 properties are assessed under ORS 308.505 to 308.665.

16 (6) Any company, to the extent that it furnishes undiluted liquefied or industrial gas in bottles,
17 tanks or similar containers, whether or not through pipe in a gaseous form, is not a gas company
18 under subsection (1) of this section.

19 (7) A company is not an electric company under subsection (1) of this section if:

20 (a) The company generates electricity primarily for the company's own use, but makes incidental
21 sales of the company's surplus electricity; or

22 (b)(A) The company's generating facility is primarily fueled by wood waste or other biomass fuel;

23 (B) The generating facility has a maximum capacity of 20 megawatts; and

24 (C) The company, if selling the generated electricity, does so only directly to an electric utility
25 for the utility's distribution to utility customers.

26 (8) ORS 308.505 to 308.665 shall be construed to subject property owned, leased or occupied by
27 a legal entity not yet engaged in a business, service or sale of a commodity that is described in this
28 section, to assessment by the department, if the property is intended for operation or use in the
29 business, service or sale of a commodity.

30 **(9) Intangible personal property of communications entities shall be assessed using a cost**
31 **approach. Intangible personal property assessed under this subsection may not exceed 20**
32 **percent of the total property tax assessment for the communications entity.**

33 [(9)] (10) As used in this section[,]:

34 (a) **"Cost approach" means an assessment method to establish property value by deter-**
35 **mining the reproduction or replacement cost of the property.**

36 (b) "Electric utility" has the meaning given that term in ORS 758.505.

37