

**75TH OREGON LEGISLATIVE ASSEMBLY
STAFF MEASURE SUMMARY
SENATE FINANCE AND REVENUE COMMITTEE**

**MEASURE: SB 589 A
CARRIER: Sen. Telfer**

REVENUE: Yes – Revenue Impact Issued

FISCAL: No Fiscal Impact

Action: Do Pass with Amendments and be printed A-Eng.

Vote: 5-0-0

Yeas: Hass, Morse, Rosenbaum, Telfer, Burdick

Nays: none

Exc.: none

Prepared By: Dae Baek, Economist

Meeting Dates: 3/11, 3/26

WHAT THE BILL DOES: Repeals five-year time limit for exemption from property taxation of Indian tribal land if acquisition of the land by the United States in trust status (or fee-to-trust conversion) has been requested or is in process. Repeals sunset of such exemption for property tax years beginning on or after July 1, 2012. Applies to property tax years beginning on or after July 1, 2008.

ISSUES DISCUSSED:

- Fee-to-trust conversion process
- History of property tax exemption for Indian tribal land in the process of fee-to-trust conversion
- Length of time for the completion of fee-to-trust conversion
- Clarification of revenue impact

EFFECT OF COMMITTEE AMENDMENTS: Lists conditions under which property tax exemption for acquisition of the land in trust status ceases.

BACKGROUND: Land acquired by an Indian tribe is exempt from property tax if the land is within the ancient tribal boundaries of the tribe and is in the process of being placed in U.S. trust (ORS 307.181). The current exemption continues until the land is placed in trust, up to a maximum of five years. The exemption sunsets on June 30, 2012.

According to Tax Expenditure Report 2009-11 by Department of Administrative Services and Department of Revenue, as of October 2008, there were 9,406 acres of Indian tribal land in the process of being placed in U.S. trust. Tax expenditure for FY 2009-11 is expected to be \$500,000.

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