

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
75th Oregon Legislative Assembly
2009 Regular Session
Legislative Revenue Office

Bill Number: HB 2904 A
Revenue Area: Property Tax
Economist: Dae Baek
Date: June 2, 2009

Measure Description: Expands the definition of farm use for the purpose of special assessment in property taxation to include the implementation of a plan to remediate or mitigate severe adverse conditions on a farm parcel. Directs the Director of the Oregon State University Extension Service to adopt rules for certification of a remediation plan. Prohibits application of farm income requirements for the purpose of special assessment in property taxation during the period in which such plan is implemented. Exempts from property taxation the machinery and equipment primarily used to implement such plan. Allows a retroactive application for a remediation plan. Allows farm use special assessment for a remediation plan for tax years beginning on or after July 1, 2007. Takes effect on 91st day following adjournment sine die.

Revenue Impact* (in \$Millions):

	Fiscal Year		Biennium		
	2009-10	2010-11	2009-11	2011-2013	2013-2015
Local Government (Multnomah County)	-\$0.70	-\$0.11	-\$0.81	-\$0.23	-\$0.25
Local School Districts (Multnomah County)	-\$0.36	-\$0.06	-\$0.42	-\$0.12	-\$0.13
Total	-\$1.06	-\$0.17	-\$1.23	-\$0.36	-\$0.38

*Revenue impact assumes that Multnomah County grants farm use special assessment pursuant to a remediation plan for tax years beginning on or after July 1, 2007.

Impact Explanation: Property tax imposed on two parcels of land in question is about \$170,000 in FY 2008-09 for use in general industrial zone after disqualification from farm use. Property tax for farm use would have been about \$11,000. If Multnomah County grants farm use special assessment pursuant to a remediation plan for tax years beginning on or after July 1, 2007, the taxing districts will lose (1) property tax difference between farm use and industrial land use starting in FY 2009-10, (2) 5-year deferred taxes on these two accounts (due to disqualification from farm use) for a total of \$468,000, (3) property tax difference between farm use and industrial land use for FY 2007 and 2008 for a total of \$330,000, and (4) personal property tax, including late filing penalty, for a total of \$94,000 for use of machinery and equipment. This analysis assumes that the deferred taxes, property tax difference, and personal property taxes are to be billed in FY 2009-10.

Creates, Extends, or Expands Tax Expenditure: Yes No

Expands the definition of farm use for the purpose of special assessment in property taxation to include the implementation of a plan to remediate or mitigate severe adverse conditions on a farm parcel. Exempts from property taxation the machinery and equipment used to implement such plan.