

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

Bill Number: HB 3112
Revenue Area: Property Tax
Economist: Dae Baek
Date: April 14, 2009

Measure Description: Redefines environmentally sensitive logging equipment as logging equipment originally manufactured after 1992. Extends sunset of exemption from property taxation for environmentally sensitive logging equipment and skyline and swing yarders from 2012 to 2026. 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	\$ 0	-\$ 0.45	-\$ 0.45	-\$ 1.76	-\$ 2.54
Local School Districts	\$ 0	-\$ 0.33	-\$ 0.33	-\$ 1.27	-\$ 1.84

Impact Explanation: Current law defines environmentally sensitive logging equipment as logging equipment manufactured not more than eight years preceding the assessment date for the tax year. HB 3112 redefines environmentally sensitive logging equipment as logging equipment originally manufactured after 1992. It also extends sunset of exemption from property taxation for environmentally sensitive logging equipment and skyline and swing yarders from 2012 to 2026.

This means that if this bill is enacted, there will be (1) logging equipment currently on the tax roll that will be removed from it and (2) some of the equipment approaching the end of eligible exemption years and newly purchased equipment that will be not placed on the tax roll. In case (1) there will be explicit loss of revenue in local government and school districts, and in case (2) potential revenue gains will not be realized.

According to the Department of Revenue survey, revenue loss due to case (1) will be \$641,630 per year. In case (2) equipment in the eighth year of exemption in 2011 will not be placed on the tax roll for tax year 2012-13 if the sunset is extended. In ensuing tax years, there will be more equipment that will not be on the tax roll but would have been if not for the extension of the sunset.

Creates, Extends, or Expands Tax Expenditure: Yes No

Logging equipment manufactured after 1992, some of which are currently on the tax roll, will become eligible for property tax exemption under this bill. This bill also extends the sunset of exemption from 2012 to 2026.