

**76TH OREGON LEGISLATIVE ASSEMBLY
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE**

**MEASURE: HB 2563 A7
CARRIER:**

**REVENUE: Revenue Impact Statement Issued
FISCAL: Fiscal Impact Statement Issued**

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: Christine Broniak, Economist

Meeting Dates: 6/1, 6/8, 6/15

WHAT THE BILL DOES: Extends the sunset on property tax exemptions for food processing equipment from July 1, 2011 to July 1, 2013. If this exemption causes the refunding of taxes, the measure does not require interest on repayments.

ISSUES DISCUSSED:

- Businesses that would benefit from food processing property tax exemption

EFFECT OF COMMITTEE AMENDMENTS: Extends the sunset on property tax exemptions for solar, geothermal, wind, water, fuel cell, or methane gas energy systems from July 1, 2012 to July 1, 2018. Exempts actual alternative energy system as opposed to only the property to which it is attached. Provides that portions of exempt property leased for alternative energy system installation do not become taxable as a result of this installation.

BACKGROUND: It is possible that assessors will refund taxes paid on qualifying food processing property in a subsequent roll correction, as applications for tax year 2011-12 were due in March and were not collected due to anticipation of this sunset date. For this reason, the measure includes the provision that interest is not owed on any refunds due to roll corrections applying this exemption.

Currently, properties with alternative energy equipment installed are partially exempt from ad valorem property taxation for the value of the alternative energy device. This measure would instead apply the exemption to the system itself, rather than the property to which it is attached. This would provide incentive to owners of property that is already exempt to install alternative energy systems because the system would be exempt from property tax. Additionally, the portion of the property that is leased to the provider of an alternative energy system would not become taxable as a result of its being leased, rather, it would remain exempt. This exemption is not allowed for property owned or leased by businesses that distribute, produce, or transport energy, public utilities, or people's utility districts except portions of the property which are net metering facilities. This measure would instead include only net metering facilities, or those which generate energy for use on site, from the exemption.

**State Capitol Building
900 Court St NE, Room 143
Salem, OR 97301-1347**

**Phone: 503-986-1266
Fax: 503-986-1770
<http://www.leg.state.or.us>**