

**76TH OREGON LEGISLATIVE ASSEMBLY
STAFF MEASURE SUMMARY
SENATE FINANCE AND REVENUE COMMITTEE**

**MEASURE: HB 2563 B
CARRIER: Sen. Hass**

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

Action: Do Pass as Amended and be Printed Engrossed
Vote: 4-0-0
Yeas: Hass, Morse, Telfer, Burdick
Nays: 0
Exc.: 0

Prepared By: Christine Broniak, Economist
Meeting Dates: 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. 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. Eliminates the sunset on the environmentally sensitive logging equipment property tax exemption.

ISSUES DISCUSSED:

- Businesses that would benefit from exemptions

EFFECT OF COMMITTEE AMENDMENTS:

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.

The property tax exemption associated with environmentally sensitive logging equipment currently has a sunset date in 2018. This measure removes this sunset date.

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