

B-Engrossed
House Bill 2563

Ordered by the Senate June 16
Including House Amendments dated June 8 and Senate Amendments
dated June 16

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Extends sunset date for first year of exemption from ad valorem property taxation for qualified machinery and equipment of food processor. Allows late filing for exemption for tax year beginning on July 1, 2011, upon submission of application, required information and late filing fee. Authorizes abatement of tax and interest if tax on exempt value is unpaid at time of late filing and refund without interest if tax on exempt value is paid at time of late filing.

Exempts from ad valorem property taxation certain alternative energy systems and real property that is otherwise exempt to which exempt alternative energy system is affixed. Applies to tax years beginning on or after July 1, 2011, and before July 1, 2018.

Eliminates sunset dates for property tax exemption for certain types of logging equipment.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to exemptions to property taxation; creating new provisions; amending ORS 307.175 and
3 section 7, chapter 637, Oregon Laws 2005; repealing sections 4 and 7, chapter 957, Oregon Laws
4 1999; and prescribing an effective date.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1.** Section 7, chapter 637, Oregon Laws 2005, is amended to read:

7 ***Sec. 7.*** *[Notwithstanding section 3 of this 2005 Act,]* Property may not qualify for a first year of
8 exemption under *[section 3 of this 2005 Act]* **ORS 307.455** for a tax year beginning on or after July
9 1, *[2011]* **2013**.

10 **SECTION 2.** **(1) A food processor may apply for exemption under ORS 307.455 for the tax**
11 **year beginning on July 1, 2011, by submitting to the Department of Revenue on or before**
12 **December 31, 2011, the application and information required under ORS 307.455 (2)(a) ac-**
13 **companied by the late filing fee required under ORS 307.455 (2)(b).**

14 **(2) If tax on the exempt value has not been paid, the tax and any interest are abated.**

15 **(3) If tax on the exempt value has been paid, the tax collector shall notify the governing**
16 **body of the county of the refund required under ORS 307.455. Upon receipt of notice from the**
17 **tax collector, the governing body shall cause a refund of the tax and any fee and interest paid**
18 **to be made from the refund reserve account, if the county has established a refund reserve**
19 **account under ORS 311.807, or from the unsegregated tax collections account described in**
20 **ORS 311.385. The refund under this subsection shall be made without interest. The county**
21 **assessor and tax collector shall make the necessary corrections in the records of their of-**
22 **fices.**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **SECTION 3.** ORS 307.175 is amended to read:

2 307.175. (1) **As used in this section, “alternative energy system” means** property [equipped
3 *with*] **consisting of** solar, geothermal, wind, water, fuel cell or methane gas energy systems for the
4 purpose of heating, cooling or generating **electricity**. [*electrical energy shall be exempt from ad*
5 *valorem taxation in an amount that equals any positive amount obtained by subtracting the real market*
6 *value of the property as if it were not equipped with such systems, from the real market value of the*
7 *property so equipped.*]

8 [(2) *This section applies to tax years beginning prior to July 1, 2012.*]

9 [(3) *Except as provided in subsection (4) of this section, this section does not apply to property*
10 *owned or leased by any person whose principal business activity is directly or indirectly the production,*
11 *transportation or distribution of energy, including but not limited to public utilities as defined in ORS*
12 *757.005 and people’s utility districts as defined in ORS 261.010.*]

13 [(4) *This section applies to an alternative energy system that is owned or leased by a person whose*
14 *principal business activity is directly or indirectly the production, transportation or distribution of en-*
15 *ergy if the system is a net metering facility, as defined in ORS 757.300, or other system primarily de-*
16 *signed to offset onsite electricity use.*]

17 **(2) An alternative energy system is exempt from ad valorem property taxation if the**
18 **system is:**

19 **(a) A net metering facility, as defined in ORS 757.300; or**

20 **(b) Primarily designed to offset onsite electricity use.**

21 **(3) Notwithstanding ORS 307.110 and 308.505 to 308.665, any portion of the real property**
22 **to which an alternative energy system is affixed is exempt under this section if:**

23 **(a) The real property is otherwise exempt from ad valorem property taxation; and**

24 **(b) The alternative energy system is exempt under this section.**

25 **(4) Property equipped with an alternative energy system is exempt from ad valorem**
26 **property taxation in an amount that equals any positive amount obtained by subtracting the**
27 **real market value of the property as if it were not equipped with an alternative energy sys-**
28 **tem from the real market value of the property as equipped with the alternative energy**
29 **system.**

30 **SECTION 4.** The amendments to ORS 307.175 by section 3 of this 2011 Act apply to tax
31 years beginning on or after July 1, 2011, and before July 1, 2018.

32 **SECTION 5.** (1) Section 4, chapter 957, Oregon Laws 1999, as amended by section 1,
33 chapter 795, Oregon Laws 2003, and section 2, chapter 852, Oregon Laws 2009, is repealed.

34 (2) Section 7, chapter 957, Oregon Laws 1999, as amended by section 2, chapter 795,
35 Oregon Laws 2003, and section 3, chapter 852, Oregon Laws 2009, is repealed.

36 **SECTION 6.** This 2011 Act takes effect on the 91st day after the date on which the 2011
37 regular session of the Seventy-sixth Legislative Assembly adjourns sine die.

38