

House Bill 3626

Sponsored by Representative BUCKLEY

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 **as introduced**.

Allows person to claim special assessment for farmland used in farming less than five years if person makes sufficient farming-related investments in property. Applies to property tax years beginning on or after July 1, 2012.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to property taxation; creating new provisions; amending ORS 308A.056, 308A.068, 308A.071,
3 308A.086, 308A.119, 308A.122, 308A.703, 308A.706, 308A.724, 308A.730, 321.390 and 321.855; and
4 prescribing an effective date.

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

6 **SECTION 1. Section 2 of this 2011 Act is added to and made a part of ORS 308A.050 to**
7 **308A.128.**

8 **SECTION 2. (1) If a farm unit has been in farm use for less than five years and does not**
9 **qualify for farm use special assessment under ORS 308A.068 (1)(a), farmland or a farm parcel**
10 **that is part of the farm unit may qualify for farm use special assessment under ORS 308A.068**
11 **(1)(b) if the person claiming farm use special assessment for the farmland or farm parcel has**
12 **presented a plan for investments in the farmland or farm parcel that demonstrate an in-**
13 **tention to use the farm unit to generate income in amounts described in ORS 308A.071 within**
14 **the first five years that the farm unit is used exclusively for farm use.**

15 **(2) The Department of Revenue, in consultation with the State Department of Agricul-**
16 **ture, shall adopt rules for the administration and enforcement of this section by county**
17 **assessors. The rules must, at a minimum, establish:**

18 **(a) The process and timelines for a person claiming farm use special assessment under**
19 **this section to present an investment plan; and**

20 **(b) The amounts and types of investments required to qualify farmland or a farm parcel**
21 **for farm use special assessment under ORS 308A.068 (1)(b).**

22 **SECTION 3. ORS 308A.056 is amended to read:**

23 308A.056. (1) As used in ORS 308A.050 to 308A.128, "farm use" means the current employment
24 of land for the primary purpose of obtaining a profit in money by:

25 (a) Raising, harvesting and selling crops.

26 (b) Feeding, breeding, managing or selling livestock, poultry, fur-bearing animals or honeybees
27 or the produce thereof.

28 (c) Dairying and selling dairy products.

29 (d) Stabling or training equines, including but not limited to providing riding lessons, training
30 clinics and schooling shows.

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 (e) Propagating, cultivating, maintaining or harvesting aquatic species and bird and animal
 2 species to the extent allowed by the rules adopted by the State Fish and Wildlife Commission.

3 (f) On-site constructing and maintaining equipment and facilities used for the activities described
 4 in this subsection.

5 (g) Preparing, storing or disposing of, by marketing or otherwise, the products or by-products
 6 raised for human or animal use on land described in this section.

7 (h) Implementing a remediation plan previously presented to the assessor for the county in
 8 which the land that is the subject of the plan is located.

9 (i) Using land described in this section for any other agricultural or horticultural use or animal
 10 husbandry or any combination thereof.

11 (2) "Farm use" does not include the use of land subject to timber and forestland taxation under
 12 ORS chapter 321, except land used exclusively for growing cultured Christmas trees or land de-
 13 scribed in ORS 321.267 (3) or 321.824 (3) (relating to land used to grow certain hardwood timber,
 14 including hybrid cottonwood).

15 (3) For purposes of this section, land is currently employed for farm use if the land is:

16 (a) Farmland, the operation or use of which is subject to any farm-related government program;

17 (b) Land lying fallow for one year as a normal and regular requirement of good agricultural
 18 husbandry;

19 (c) Land planted in orchards or other perennials, other than land specified in paragraph (d) of
 20 this subsection, prior to maturity;

21 (d) Land not in an exclusive farm use zone that has not been eligible for assessment at special
 22 farm use value in the year prior to planting the current crop and has been planted in orchards,
 23 cultured Christmas trees or vineyards for at least three years;

24 (e) Wasteland, in an exclusive farm use zone, dry or covered with water, neither economically
 25 tillable nor grazeable, lying in or adjacent to and in common ownership with farm use land and that
 26 is not currently being used for any economic farm use;

27 (f) Except for land under a single family dwelling, land under buildings supporting accepted
 28 farming practices, including the processing facilities allowed by ORS 215.213 (1)(u) and 215.283 (1)(r)
 29 and the processing of farm crops into biofuel as commercial activities in conjunction with farm use
 30 under ORS 215.213 (2)(c) and 215.283 (2)(a);

31 (g) Water impoundments lying in or adjacent to and in common ownership with farm use land;

32 (h) Any land constituting a woodlot, not to exceed 20 acres, contiguous to and owned by the
 33 owner of land specially valued for farm use even if the land constituting the woodlot is not utilized
 34 in conjunction with farm use;

35 (i) Land lying idle for no more than one year when the absence of farming activity is the result
 36 of the illness of the farmer or a member of the farmer's immediate family, including injury or
 37 infirmity, regardless of whether the illness results in death;

38 (j) Land described under ORS 321.267 (3) or 321.824 (3) (relating to land used to grow certain
 39 hardwood timber, including hybrid cottonwood);

40 (k) Land used for the primary purpose of obtaining a profit in money by breeding, raising,
 41 kenneling or training greyhounds for racing;

42 (L) Land subject to a remediation plan previously presented to the assessor for the county in
 43 which the land that is the subject of the plan is located; [or]

44 **(m) Land subject to an investment plan qualifying under section 2 of this 2011 Act and**
 45 **previously presented to the assessor for the county in which the land that is the subject of**

1 **the plan is located; or**

2 [(m)] (n) Land used for the processing of farm crops into biofuel, as defined in ORS 315.141, if:

3 (i) Only the crops of the landowner are being processed;

4 (ii) The biofuel from all of the crops purchased for processing into biofuel is used on the farm
5 of the landowner; or

6 (iii) The landowner is custom processing crops **from other landowners in the area** into
7 **bioenergy or** biofuel [*from other landowners in the area*] for [*their*] use or sale **by the landowners.**

8 (4) As used in this section:

9 (a) “Accepted farming practice” means a mode of operation that is common to farms of a similar
10 nature, necessary for the operation of these similar farms to obtain a profit in money and custom-
11 arily utilized in conjunction with farm use.

12 (b) “Cultured Christmas trees” means trees:

13 (A) Grown on lands used exclusively for that purpose, capable of preparation by intensive cul-
14 tivation methods such as plowing or turning over the soil;

15 (B) Of a marketable species;

16 (C) Managed to produce trees meeting U.S. No. 2 or better standards for Christmas trees as
17 specified by the Agricultural Marketing Service of the United States Department of Agriculture; and

18 (D) Evidencing periodic maintenance practices of shearing for Douglas fir and pine species, weed
19 and brush control and one or more of the following practices:

20 (i) Basal pruning;

21 (ii) Fertilizing;

22 (iii) Insect and disease control;

23 (iv) Stump culture;

24 (v) Soil cultivation; or

25 (vi) Irrigation.

26 **SECTION 4.** ORS 308A.068 is amended to read:

27 308A.068. (1) **Upon compliance with the application requirements set forth in ORS**
28 **308A.077**, any land that is not within an exclusive farm use zone but that is being used[, *and has*
29 *been used for the preceding two years,*] exclusively for farm use shall qualify for farm use special
30 assessment:

31 (a) If the land **has been used exclusively for farm use for the preceding two years and**
32 **meets the income requirements set forth in ORS 308A.071; [and] or**

33 [*(b) Upon compliance with the application requirements set forth in ORS 308A.077.*]

34 **(b) If the investments required by an investment plan for the land qualifying and pre-**
35 **sented under section 2 of this 2011 Act have been met.**

36 (2)(a) The provisions of this section [*shall*] **do** not apply to any land with respect to which the
37 owner has granted, and has outstanding, any lease or option to buy the surface rights for other than
38 farm use.

39 (b) This subsection does not apply in the case of a lease or option to buy surface rights:

40 (A)(i) For the exploration of geothermal resources, as defined by ORS 522.005, mineral resources
41 or other subsurface resources; or

42 (ii) For the use of land for hunting, fishing, camping or other recreational use; and

43 (B) If the exploration, use or possession engaged in pursuant to the lease or option to buy does
44 not interfere with the farm use of the farmland.

45 (3) Whether farmland qualifies for special assessment under this section shall be determined as

1 of January 1 of the assessment year. However, if land so qualified becomes disqualified prior to July
 2 1 of the same assessment year, the land shall be valued under ORS 308.232, at its real market value
 3 as defined by law without regard to this section, and shall be assessed at its assessed value under
 4 ORS 308.146 or as otherwise provided by law. If the land becomes disqualified on or after July 1,
 5 the land shall continue to qualify for special assessment as provided in this section for the current
 6 tax year.

7 **SECTION 5.** ORS 308A.071 is amended to read:

8 308A.071. (1) For purposes of ORS 308A.050 to 308A.128, farmland or a farm parcel that is not
 9 within an area zoned for exclusive farm use is not used exclusively for farm use unless all of the
 10 prerequisites of subsections (2) *[to (5)]* **and (3)** of this section are met.

11 (2)(a) Except as provided in subsection *[(6)] (5)* of this section, in three out of the five full cal-
 12 endar years immediately preceding the assessment date, the farmland or farm parcel was operated
 13 as a part of a farm unit that has produced a gross income from farm uses in the following amount
 14 for a calendar year:

15 (A) If the farm unit consists of 6-1/2 acres or less, the gross income from farm use shall be at
 16 least \$650.

17 (B) If the farm unit consists of more than 6-1/2 acres but less than 30 acres, the gross income
 18 from farm use shall be at least equal to the product of \$100 times the number of acres and any
 19 fraction of an acre of land included.

20 (C) If the farm unit consists of 30 acres or more, the gross income from farm use shall be at least
 21 \$3,000.

22 (b) For purposes of determining the number of acres to be considered under paragraph (a) of this
 23 subsection, the land described in ORS 308A.056 (3) and the land, not exceeding one acre, used as a
 24 homestead shall not be included.

25 (c) If a farm parcel is operated as part of a farm unit and the farmland of the farm unit is not
 26 all under the same ownership, the gross income requirements applicable to the farm parcel shall be
 27 as provided under paragraph (a) of this subsection. In addition, the gross income from farm use of
 28 a farm parcel described under this paragraph must be at least:

29 (A) One-half of the gross income requirements described under paragraph (a) of this subsection
 30 that would be required if the farm parcel were the only farmland of the farm unit; or

31 (B) A cash or net share crop rental of one-quarter of the gross income requirements described
 32 under paragraph (a) of this subsection that would be required if the farm parcel were the only
 33 farmland of the farm unit. For purposes of this subparagraph, "net share crop rental" means the
 34 value of any crop received by the owner of the farm parcel less any costs borne by the owner of the
 35 farm parcel.

36 (3)(a) Excise or income tax returns are filed with the Department of Revenue for purposes of
 37 ORS chapter 316, 317 or 318 by the farmland owner or the operator of the farm unit that include a
 38 Schedule F and, if applicable, by the owner of a farm parcel that include a schedule or schedules
 39 showing rental income received by the owner of the farm parcel, during the years to which the in-
 40 come requirements of this section apply.

41 *[(4)] (b)* Upon request, a copy of the returns or the schedules of the returns showing the gross
 42 income received from farm use is furnished by the taxpayer to the county assessor.

43 *[(5)] (4)* The burden of proving the gross income of the farm unit for the years described in
 44 subsection (2) of this section is upon the person claiming special assessment for the land.

45 *[(6)] (5)* The failure of a farm unit to produce the amount of gross income required by subsection

(2) of this section shall not prevent the farm unit from meeting the qualifications of this section if:

(a)(A) The failure is because:

[(A)] (i) The effect of flooding substantially precludes normal and reasonable farming during the year; or

[(B)] (ii) Severe drought conditions are declared under ORS 536.700 to 536.780; and

[(b)] (B) The farm unit produces the required amount of gross income in three out of the last five nonflood or nondrought years; **or**

(b) The farm unit qualifies for farm use special assessment under ORS 308A.068 (1)(b).

[(7)] (6) As used in this section:

(a) "Farm parcel" means the contiguous land under the same ownership, whether assessed as one or more than one tax lot.

(b) "Gross income" includes the value of any crop or livestock that is used by the owner personally or in the farming operation of the owner, but does not include:

(A) The value of any crop or livestock so used unless records accurately reflecting both value and use of the crop or livestock are kept by the owner in a manner consistent with generally accepted accounting principles; and

(B) The purchase cost of livestock.

(c) "Owner" or "ownership" means any person described under ORS 308A.077 (2)(b)(A), (B), (D) or (E) and spouse or other person who is also an owner as tenant in common or other joint ownership interest.

SECTION 6. ORS 308A.086 is amended to read:

308A.086. (1) Any land that has been disqualified from farm use special assessment under ORS 308A.050 to 308A.128 may requalify for special assessment under ORS 308A.050 to 308A.128 at the same time and in the same manner and under the same provisions of law as land initially qualifies for farm use special assessment under ORS 308A.050 to 308A.128.

(2) Land that requalifies under this section must meet applicable qualification requirements as of the assessment date for the tax year for which special assessment of the requalified land under ORS 308A.050 to 308A.128 is sought.

(3) This section does not apply to the requalification of land that was disqualified and that is described:

(a) In the case of land in an exclusive farm use zone, under ORS 215.236 (relating to nonfarm dwellings) and ORS 308A.706 (1)(a) (relating to compatible nonuse);

(b) In the case of nonexclusive farm use zone farmland, under ORS 308A.089 (relating to requalification during first year of disqualification), 308A.116 (4) (relating to subdivision), 308A.122 (relating to abatement for failure to meet income **or investment** requirements) or 308A.706 (1)(a) (relating to compatible nonuse); and

(c) Under ORS 308A.706 (1)(d) (relating to change in special assessment).

SECTION 7. ORS 308A.119 is amended to read:

308A.119. (1) If on January 1 of any year any farmland assessed under ORS 308A.068 has become disqualified for farm use special assessment because of any gross income or other requirement of ORS 308A.071 **or because of any requirement of an investment plan for the farmland qualifying and presented under section 2 of this 2011 Act**, the collection of the additional taxes under ORS 308A.700 to 308A.733 shall be deferred, but only if each year for a period of five consecutive years (or such lesser number of years in which farm use assessment was in effect prior to disqualification) beginning on January 1 of the first year the land became so disqualified, the land is used

1 as farmland (including, for the purposes of this section, the growing of forest products). As the lim-
 2 ited use is continued and completed each year, additional taxes are abated on the basis of an
 3 abatement of one year's additional tax for each year of limited use beginning with the oldest year
 4 for which additional taxes are due for up to five years (or the number of years for which farm use
 5 assessment was in effect, whichever is less). Beginning on the January 1 the land became so dis-
 6 qualified the land shall be assessed at its assessed value under ORS 308.146 or as otherwise provided
 7 by law without regard to any special assessment laws.

8 (2) If at any time prior to the expiration of the five-year (or lesser) period specified in subsection
 9 (1) of this section the land is used for a higher and better use than farmland, the abatement process
 10 shall terminate, and there shall be added to the tax extended against the land on the next general
 11 property tax roll, (to be collected and distributed in the same manner as the remainder of the real
 12 property tax) the additional taxes that still remain deferred and unabated under subsection (1) of
 13 this section.

14 (3) When land described in this section is used for a higher and better use than farmland during
 15 the five-year (or lesser) period described in subsection (1) of this section, the owner shall notify the
 16 county assessor before the following January 1 of the change in use.

17 (4) The amount determined to be due under this section may be paid to the tax collector prior
 18 to the completion of the next general property tax roll, pursuant to ORS 311.370.

19 **SECTION 8.** ORS 308A.122 is amended to read:

20 308A.122. If during the period specified in ORS 308A.119, the farmland again meets the gross
 21 income or other requirements of ORS 308A.071 **or the requirements of an investment plan for**
 22 **the farmland qualifying and presented under section 2 of this 2011 Act**, the owner may apply
 23 to the assessor on or before April 1 of the next calendar year, in the manner provided in ORS
 24 308A.077, for farm use special assessment. If satisfied that the requirements of ORS 308A.071 **or an**
 25 **investment plan under section 2 of this 2011 Act** have been met, the assessor shall restore farm
 26 use special assessment to the land. The potential additional taxes for all years not already abated
 27 under ORS 308A.119 shall continue as a potential liability against the land under ORS 308A.119 and
 28 308A.706, except that each oldest year of potential liability shall abate as the total of all other years
 29 of potential additional tax liability for prior years reaches five.

30 **SECTION 9.** ORS 308A.703 is amended to read:

31 308A.703. (1) This section applies to land upon the land's disqualification from special assess-
 32 ment under any of the following sections:

- 33 (a) Exclusive farm use zone farmland under ORS 308A.113;
- 34 (b) Nonexclusive farm use zone farmland under ORS 308A.116;
- 35 (c) Western Oregon designated forestland under ORS 321.359;
- 36 (d) Eastern Oregon designated forestland under ORS 321.842;
- 37 (e) Wildlife habitat special assessment under ORS 308A.430; or
- 38 (f) Conservation easement special assessment under ORS 308A.465.

39 (2) Following a disqualification listed in subsection (1) of this section, an additional tax shall
 40 be added to the tax extended against the land on the next assessment and tax roll, to be collected
 41 and distributed in the same manner as other ad valorem property tax moneys. The additional tax
 42 shall be equal to the difference between the taxes assessed against the land and the taxes that would
 43 otherwise have been assessed against the land, for each of the number of years determined under
 44 subsection (3) of this section.

45 (3) The number of years for which additional taxes shall be calculated shall equal the lesser of

1 the number of consecutive years the land had qualified for the special assessment program for which
 2 disqualification has occurred or:

3 (a) Ten years, in the case of exclusive farm use zone farmland, but only if the land, immediately
 4 following disqualification, remains outside an urban growth boundary;

5 (b) Ten years, in the case of wildlife habitat special assessment land within an exclusive farm
 6 use zone, but only if the land, immediately following disqualification, remains outside an urban
 7 growth boundary;

8 (c) Ten years, in the case of conservation easement special assessment land within an exclusive
 9 farm use zone, but only if the land, immediately following disqualification, remains outside an urban
 10 growth boundary; or

11 (d) Five years, in the case of:

12 (A) Nonexclusive farm use zone farmland;

13 (B) Western Oregon designated forestland;

14 (C) Eastern Oregon designated forestland;

15 (D) Exclusive farm use zone farmland that is not described in paragraph (a) of this subsection;

16 (E) Wildlife habitat special assessment land that is not described in paragraph (b) of this sub-
 17 section; or

18 (F) Conservation easement special assessment land that is not described in paragraph (c) of this
 19 subsection.

20 (4)(a) Except as provided in paragraph (b) **or** (c) of this subsection, if disqualification under
 21 subsection (1)(a) or (b) of this section occurs within five years after the end of a period of farm use
 22 special assessment pursuant to a remediation plan as defined in ORS 308A.053 **or disqualification**
 23 **under subsection (1)(b) of this section occurs within five years after the end of a period of**
 24 **farm use special assessment pursuant to an investment plan as described in section 2 of this**
 25 **2011 Act**, the number of years for which the additional tax shall be calculated shall be the number
 26 of years determined under subsection (3) of this section plus the number of years during which farm
 27 use special assessment was granted pursuant to the remediation plan **or investment plan**.

28 (b) Additional tax may not be collected for the number of years during which farm use special
 29 assessment was granted pursuant to the remediation plan if the plan:

30 (A) Is implemented in good faith; and

31 (B) Fails to render continued farm use practicable.

32 (c) **Additional tax may not be collected for the number of years during which farm use**
 33 **special assessment was granted pursuant to an investment plan if the plan:**

34 (A) **Is implemented in good faith; and**

35 (B) **Fails to meet the income requirement of ORS 308A.071.**

36 (5) The additional taxes described in this section shall be deemed assessed and imposed in the
 37 year to which the additional taxes relate.

38 (6) If the disqualification of the land is the result of the sale or transfer of the land to an own-
 39 ership making the land exempt from ad valorem property taxation, the lien for additional taxes shall
 40 attach as of the day preceding the sale or transfer.

41 (7) The amount determined to be due under this section may be paid to the tax collector prior
 42 to the time of the next general property tax roll, pursuant to the provisions of ORS 311.370.

43 **SECTION 10.** ORS 308A.706 is amended to read:

44 308A.706. (1) Notwithstanding that land is disqualified from special assessment, the additional
 45 taxes described under ORS 308A.703 may not be imposed and shall remain a potential tax liability

1 if, as of the date the disqualification is taken into account on the assessment and tax roll, the land
 2 is any of the following:

3 (a) Disqualified exclusive farm use zone farmland or nonexclusive farm use zone farmland that:

4 (A) Is not being used as farmland; and

5 (B) Is not being used for industrial, commercial, residential or other use that is incompatible
 6 with a purpose to return the land to farm use.

7 (b) Acquired by a governmental agency or body as a result of an exchange of the land for land
 8 of approximately equal value held by the governmental agency or body.

9 (c) Acquired and used for natural heritage purposes and all of the following additional require-
 10 ments are met:

11 (A) The land is registered under ORS 273.581 as a state natural area;

12 (B) The land is acquired by a private nonprofit corporation;

13 (C) The land is retained by the corporation, or transferred to the state by the corporation, for
 14 the purpose of educational, scientific and passive recreational use consistent with conservation of
 15 the ecological values and natural heritage elements of the area;

16 (D) If the land is retained by the corporation, it remains open to the public without charge for
 17 the uses described in subparagraph (C) of this paragraph; and

18 (E) The land is managed pursuant to a voluntary management agreement under ORS 273.581 (5).

19 (d) Qualified for special assessment under:

20 (A) ORS 308A.062, relating to farm use special assessment of land in an exclusive farm use zone;

21 (B) ORS 308A.068, relating to farm use special assessment of nonexclusive farm use zone
 22 farmland;

23 (C) ORS 321.358, relating to classification as designated forestland in western Oregon;

24 (D) ORS 321.839, relating to classification as designated forestland in eastern Oregon;

25 (E) ORS 321.709, relating to qualification as small tract forestland;

26 (F) ORS 308A.424, relating to wildlife habitat special assessment; or

27 (G) ORS 308A.456, relating to conservation easement special assessment.

28 (e) Disqualified nonexclusive farm use zone farmland, to the extent the additional taxes are de-
 29 ferred or abated as provided in ORS 308A.119.

30 (2) This section does not apply to the additional taxes imposed under ORS 308A.703 (4)(a) for the
 31 number of years during which farm use special assessment was granted pursuant to a remediation
 32 plan as defined in ORS 308A.053 **or an investment plan as described in section 2 of this 2011**
 33 **Act.**

34 (3) In any case where the additional tax is deferred under the provisions of this section but may
 35 subsequently be imposed under ORS 308A.712, the county assessor shall continue to enter the no-
 36 tation "potential additional tax liability" on the assessment and tax roll.

37 **SECTION 11.** ORS 308A.724 is amended to read:

38 308A.724. (1)(a) In order for additional taxes imposed under ORS 308A.703 to be deferred under
 39 ORS 308A.706 (1)(d) (relating to change in special assessment), the owner must file an application
 40 or claim for classification under another special assessment law.

41 (b) If the disqualification is effective prior to July 1 in any year, the owner shall file the re-
 42 quired claim or application on or before August 1 of that year.

43 (c) If the disqualification is effective on or after July 1 in any year, the county taxing authorities
 44 shall continue the classification on the current assessment and tax rolls, and the owner shall file
 45 the required claim or application in the next calendar year in accordance with the laws governing

1 the particular special assessment program.

2 (2) If an owner of land disqualified under one of the special assessment laws listed in ORS
 3 308A.706 (1)(d) seeks to qualify for farm use special assessment of nonexclusive farm use zone
 4 farmland under ORS 308A.068, the owner shall have five years, beginning with the first year in
 5 which application is made under this section, to qualify for the two-year farm use requirement **or**
 6 **investment requirement** of ORS 308A.068 and the income requirement under ORS 308A.071.

7 (3) Notwithstanding subsection (1) of this section, an owner may make application under this
 8 section at any time within 30 days of the date notice of disqualification is sent by the assessor under
 9 ORS 308A.718.

10 (4) Notwithstanding subsections (1) to (3) of this section:

11 (a) An owner of land disqualified from wildlife habitat special assessment under ORS 308A.430
 12 that was previously subject to ORS 215.236 (5), except for conservation easement special assessment,
 13 may not apply for another special assessment under this section without first satisfying the re-
 14 quirements of ORS 215.236 (5); and

15 (b) An owner of land disqualified from conservation easement special assessment under ORS
 16 308A.465, except for wildlife habitat special assessment, may not apply for another special assess-
 17 ment under this section without first satisfying the requirements of ORS 215.236 (5).

18 **SECTION 12.** ORS 308A.730 is amended to read:

19 308A.730. (1) If land specially valued under ORS 308A.062, 308A.068, 321.257 to 321.390, 321.700
 20 to 321.754 or 321.805 to 321.855 is acquired by a governmental agency or body as a result of an ex-
 21 change of the land for land of approximately equal value held by the governmental agency or body
 22 and the land acquired from the governmental agency or body is not farm use land located within
 23 an exclusive farm use zone or is not land, the highest and best use of which is the growing and
 24 harvesting of trees of a marketable species, the owner shall make application for special valuation
 25 as farm or forest land in the manner provided under ORS 308A.077, 321.358, 321.706 or 321.839,
 26 whichever is applicable, as follows:

27 (a) If the exchange takes place prior to July 1, the owner shall file the application on or before
 28 August 1.

29 (b) If the exchange takes place on or after July 1, the owner shall file the application on or
 30 before April 1 of the following year.

31 (2) Failure to file an application as required under this section, or failure to otherwise meet the
 32 qualification for special valuation under the special assessment law for which application is made
 33 shall disqualify the land under ORS 308A.703. However, the amount of additional taxes imposed
 34 upon the disqualification under this subsection shall be equal to those that would have been imposed
 35 against the land transferred to the governmental agency or body on account of the exchange were
 36 it not for ORS 308A.706 (1)(b).

37 (3) If an application filed under this section is for classification for farm use special assessment
 38 under ORS 308A.068, the owner shall have five years beginning with the first year of classification
 39 to meet the income requirements under ORS 308A.071 and need not meet the two-year farm use **or**
 40 **investment** requirements of ORS 308A.068.

41 (4) This section does not apply to an exchange of forestland to which ORS 308A.706 (1)(b) (re-
 42 lating to governmental exchange) applies.

43 **SECTION 13.** ORS 321.390 is amended to read:

44 321.390. (1) Land described in ORS 321.267 (3) (relating to hardwood timberland, including hybrid
 45 cottonwood timberland) shall be assessed as farm use land under ORS 308A.050 to 308A.128.

1 (2)(a) If land is or becomes land described under ORS 321.267 (3) and the land is not located
2 within an exclusive farm use zone, the owner shall make application for special valuation as farm
3 use land in the manner provided under ORS 308A.077, as follows:

4 (A) If the change in use takes place on or after July 1, the owner shall file the application on
5 or before April 1 of the following year.

6 (B) If the change in use takes place prior to July 1, the owner shall file the application on or
7 before August 1 of the same year.

8 (b) If an application is filed as provided under this subsection, the owner shall have seven years
9 beginning with the first year of classification to meet the income requirements of ORS 308A.071 and
10 need not meet the two-year farm use **or investment** requirements of ORS 308A.068.

11 **SECTION 14.** ORS 321.855 is amended to read:

12 321.855. (1) Land described in ORS 321.824 (3) (relating to hardwood timberland, including hybrid
13 cottonwood timberland) shall be assessed as farm use land under ORS 308A.050 to 308A.128.

14 (2)(a) If land is or becomes land described under ORS 321.824 (3) and the land is not located
15 within an exclusive farm use zone, the owner shall make application for special valuation in the
16 manner provided under ORS 308A.077, as follows:

17 (A) If the change in use takes place on or after July 1, the owner shall file the application on
18 or before April 1 of the following tax year.

19 (B) If the change in use takes place prior to July 1, the owner shall file the application on or
20 before August 1 of the tax year.

21 (b) If an application is filed as provided under this subsection, the owner shall have seven years
22 beginning with the first year of classification to meet the income requirements of ORS 308A.071 and
23 need not meet the two-year farm use **or investment** requirements of ORS 308A.068.

24 **SECTION 15. Section 2 of this 2011 Act and the amendments to ORS 308A.056, 308A.068,**
25 **308A.071, 308A.086, 308A.119, 308A.122, 308A.703, 308A.706, 308A.724, 308A.730, 321.390 and**
26 **321.855 by sections 3 to 14 of this 2011 Act apply to property tax years beginning on or after**
27 **July 1, 2012.**

28 **SECTION 16. This 2011 Act takes effect on the 91st day after the date on which the 2011**
29 **regular session of the Seventy-sixth Legislative Assembly adjourns sine die.**