

**76TH OREGON LEGISLATIVE ASSEMBLY
2012 Regular Session
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE**

**MEASURE: HB 4041-1
CARRIER:**

REVENUE: Revenue Impact Statement Issued
FISCAL: May Have Fiscal Impact, Statement Not Yet Issued

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: Christine Broniak, Economist
Meeting Dates: 2/6/2012

WHAT THE BILL DOES: Exempts from taxation property owned exclusively by eligible Indian tribe or by entity wholly owned by eligible Indian tribe if property is used exclusively for certain government services.

ISSUES DISCUSSED:

-
-

EFFECT OF COMMITTEE AMENDMENTS: Allows an exemption from property taxation property that is leased or rented to low income persons by a partnership, nonprofit corporation, or limited liability company of which an eligible Indian tribe is a general partner, limited partner, director, member, manager, or general manager. Allows the exemption for property that is used as an affordable housing activity under 25 USC 4132. Requires properties receiving this exemption satisfy various requirements. Allows the low income housing that receives an exemption to generate an income.

BACKGROUND: Properties which provide tribal government services on Indian Reservations and Trust lands are already exempt from taxation. Occasionally, properties that provide these services will be off the reservation or trust lands and become taxable. This measure would extend property tax exemptions to buildings providing tribal government services.

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>

REVENUE IMPACT OF PROPOSED LEGISLATION

Seventy-Sixth Oregon Legislative Assembly
2012 Regular Session

Legislative Revenue Office

Bill Number:	HB 4041 - 1
Revenue Area:	Property Tax
Economist:	Christine Broniak
Date:	2-6-2012

Measure Description:

Exempts from taxation property owned exclusively by eligible Indian tribe or by entity wholly owned by eligible Indian tribe if property is used exclusively for certain government services. Allows an exemption from property taxation property that is leased or rented to low income persons by a partnership, nonprofit corporation, or limited liability company of which an eligible Indian tribe is a general partner, limited partner, director, member, manager, or general manager. Allows the exemption for property that is used as an affordable housing activity under 25 USC 4132. Requires properties receiving this exemption satisfy various requirements. Allows the low income housing that receives an exemption to generate an income.

Revenue Impact (in \$Millions): Negative, but less than \$0.5 M annually to counties, local taxing districts, and schools.

Impact Explanation: The measure, as amended, would exempt certain properties in use for tribal government from property tax if they are equivalent to services that a state and local government or the federal government would customarily provide its citizens. The properties affected include those used for administration, health facilities, education, transportation, fire, police, properties held for or rented to low income individuals, cemeteries, and limited utility services.

An exact accounting of all properties affected by this measure is not available. There are 6 tribes with property around the state that would be affected. A number of tribes have offices in major cities that would be affected by this measure including the Grande Ronde and Siletz tribes. The Siletz Tribe has three properties in Portland, Eugene, and Salem, with a tax liability of \$60,000. The Coquille have \$30,000 in administrative properties that would be exempt, and the Cow Creek Band of the Umpqua Tribe has \$60,000 in affected properties. The Confederated Tribes of the Coos are planning to build property for low-income housing that would be exempt under this measure. The -1 amendment includes in the exemption properties for affordable housing under 25 U.S.C. 4132. The total tax liability on existing properties is less than \$500,000.

Creates, Extends, or Expands Tax Expenditure: Yes No

The committee may state a policy purpose when the bill is heard. A suggested purpose is to achieve parity between tribes and other governmental entities in property taxes.

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

Phone (503) 986-1266
Fax (503) 986-1770
<http://www.leg.state.or.us/comm/lro/>