

**76TH OREGON LEGISLATIVE ASSEMBLY
2012 Regular Session
STAFF MEASURE SUMMARY
SENATE FINANCE AND REVENUE COMMITTEE**

**MEASURE: SB 1532-3
CARRIER:**

REVENUE: Revenue Impact Statement Issued

FISCAL:

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: Warner, Economist

Meeting Dates: February 6, 10, 2012

WHAT THE BILL DOES: Clarifies that a company that is an owner or lessee of a data center is not a centrally assessed property under ORS 308.515 if certain conditions are met. The conditions are that the company has invested in a data center or related property, the property is part of an enterprise zone agreement and the data center investment represents more than 95% of total property owned in the state. Applies to property tax years beginning on or after July 1, 2012.

ISSUES DISCUSSED:

- Size and reasons for Facebook data center investment in central Oregon.
- Definition of communications companies and the impact of changing technology on statutes defining communications companies.
- Impact of including intangible property in property tax base for centrally assessed properties.

EFFECT OF COMMITTEE AMENDMENTS: -3 amendment replaces the bill.

BACKGROUND: In 2011, the Department of Revenue reviewed the statutory definition of communications and determined that Facebook Company met the definition of a communications company. Under current law, this means that a company would be centrally assessed by the Department of Revenue. This determination raised a series of issues because it is the first time a centrally assessed property was located in an enterprise zone. Facebook built a data center in an enterprise zone in central Oregon. Other information service providing companies could be affected as well. The decision to centrally assess a property can have a major impact on property tax liability because the intangible property of centrally assessed companies is included in the tax base. This is not the case for locally assessed property.

In early 2012 the Department of Revenue issued a clarifying temporary rule (150-308-505(3)) defining "data transmission services". This temporary rule would clarify that the FaceBook data center property located in central Oregon would not be centrally assessed.

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**REVENUE IMPACT OF
PROPOSED LEGISLATION**
Seventy-Sixth Oregon Legislative
Assembly
2012 Regular Session
Legislative Revenue Office

Bill Number:	SB 1532 - 3
Revenue Area:	Property Taxes
Economist:	Paul Warner
Date:	2-7-12

NOTICE OF INDETERMINATE REVENUE IMPACT

Impact Explanation: This bill could potentially affect the property tax liability of data transmission companies that construct data center facilities in one of the enterprise zones located around the state in the future compared to current law. However, given the ambiguity of current law and the recent issuance of a temporary rule (150-308.503(3) by the Department of Revenue defining data transmission services, any future revenue impact of this bill is considered indeterminate.

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Prepared by: Matt Stayner
Reviewed by: Laurie Byerly
Date: 2/9/12

Measure Description:

Clarifies that property subject to central assessment may be granted enterprise zone exemption.

Government Unit(s) Affected:

Counties, Department of Revenue(DOR)

Analysis:

The proposed legislation has been determined to have

NO EXPENDITURE IMPACT

on state or local government.