

Senate Bill 1529

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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**.

Requires Department of Revenue to establish separate class for real property machinery and equipment.

Eliminates requirement that certain separately owned fixtures be assessed separately.

Authorizes tax collector to collect delinquent property taxes on machinery and equipment in manner applicable to personal or real property.

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 308.115, 308.149, 308.215 and
3 311.510; and prescribing an effective date.

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

5 **SECTION 1.** ORS 308.215 is amended to read:

6 308.215. (1) The assessor shall prepare the assessment roll in the following form:

7 [(1)] (a) Real property shall be listed in sequence by account number or by code area and ac-
8 count numbers. For each parcel of real property, the assessor shall set down in the assessment roll
9 according to the best information the assessor can obtain:

10 [(a)] (A) The name of the owner or owners and, if the assessor or tax collector is instructed in
11 writing by the owner or owners to send statements and notices relating to taxation to an agent or
12 representative, the name of such agent or representative.

13 [(b)] (B) A description as required by ORS 308.240 with its code area and account numbers.

14 [(c)] (C) The property class, in accordance with the classes established by rule by the Depart-
15 ment of Revenue.

16 [(d)] (D) The number of acres and parts of an acre, as nearly as can be ascertained, unless it
17 is divided into blocks and lots.

18 [(e)] (E) The real market value of the land, excluding all buildings, structures, improvements and
19 timber thereon.

20 [(f)] (F) The real market value of all buildings, structures and improvements thereon.

21 [(g)] (G) The real market value of each unit together with its percentage of undivided interest
22 in the common elements of property subject to ORS 100.005 to 100.910 stating separately the real
23 market value of the land, buildings, structures and improvements of each unit.

24 [(h)] (H) For each parcel of real property granted an exemption under ORS 307.250 to 307.283,
25 the real market value so exempt.

26 [(i)] (I) The total assessed value, maximum assessed value and real market value of each parcel
27 of real property assessed.

28 [(2)] (b) For personal property, the assessor shall set down separately in the assessment roll,

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 according to the best information the assessor can obtain:

2 [(a)] (A) The names, including assumed business names, if any, of all persons, whether individ-
3 uals, partnerships or corporations, or other owner, owning or having possession or control of taxable
4 personal property on January 1, at 1:00 a.m. of the assessment year. If it is a partnership, the names
5 of two general partners and the total number thereof.

6 [(b)] (B) The real market value of the personal property assessed, with a separate value for each
7 category of personal property, if any. The Department of Revenue, by rule, may establish such cat-
8 egories as appear useful or necessary for good tax administration.

9 [(c)] (C) The number of the code area assigned by the assessor covering the situs of the property
10 on January 1.

11 [(d)] (D) The total assessed, maximum assessed and real market value for the property.

12 [(3)] (c)(A) The listing of manufactured structures on the assessment roll, whether as real or
13 personal property, shall be done in a distinctive manner so that manufactured structures may be
14 readily distinguished from other property.

15 [(4)] (B) In lieu of listing manufactured structures on the assessment roll as real or personal
16 property, the assessor may list manufactured structures in a separate section of the assessment roll.
17 In any county where such separate listing of manufactured structures is made the manufactured
18 structures assessed as real property under ORS 308.875 shall bear a distinctive designation so that
19 it can be identified with the real property upon which it is located. In like manner the real property
20 upon which the manufactured structure is situated shall bear a distinctive designation so that it can
21 be identified with the manufactured structure. Where a homestead exemption is granted to a manu-
22 factured structure assessed as real property under ORS 308.875, which manufactured structure is
23 listed on a portion of the assessment roll separate from the real property, the exempt amount shall
24 apply first to the value of the manufactured structure, and any remainder shall apply to the parcel
25 of land upon which it is situated.

26 **(2) For purposes of the classification of real property required under subsection (1)(a)(C)**
27 **of this section, machinery and equipment must be classified separately from all other prop-**
28 **erty.**

29 [(5)] (3) The Department of Revenue may by rule require that the assessment roll include in-
30 formation in addition to that required by [subsections (1) and (2)] **subsection (1)** of this section.

31 **SECTION 2.** ORS 308.149 is amended to read:

32 308.149. As used in ORS 308.149 to 308.166:

33 [(1) "Property class" means the classification of property adopted by the Department of Revenue
34 by rule, except that in the case of property assessed under ORS 308.505 to 308.665, "property class"
35 means the total of all property set forth in the assessment roll prepared under ORS 308.540.]

36 [(2)] (1) "Area" means the county in which property, the maximum assessed value of which is
37 being adjusted, is located except that "area" means this state, if the property for which the maxi-
38 mum assessed value is being adjusted is property that is centrally assessed under ORS 308.505 to
39 308.665.

40 [(3)(a)] (2)(a) "Average maximum assessed value" means the value determined by dividing the
41 total maximum assessed value of all property in the same area in the same property class by the
42 total number of properties in the same area in the same property class.

43 (b) In making the calculation described under this subsection, the following property is not
44 taken into account:

45 (A) New property or new improvements to property;

- 1 (B) Property that is partitioned or subdivided;
- 2 (C) Property that is rezoned and used consistently with the rezoning;
- 3 (D) Property that is added to the assessment and tax roll as omitted property; or
- 4 (E) Property that is disqualified from exemption, partial exemption or special assessment.

5 (c) Paragraph (b)(B), (C), (D) and (E) of this subsection does not apply to the calculation of av-
 6 erage maximum assessed value in the case of property centrally assessed under ORS 308.505 to
 7 308.665.

8 [(4)(a)] **(3)(a)** “Average real market value” means the value determined by dividing the total real
 9 market value of all property in the same area in the same property class by the total number of
 10 properties in the same area in the same property class.

11 (b) In making the calculation described under this subsection, the following property is not
 12 taken into account:

- 13 (A) New property or new improvements to property;
- 14 (B) Property that is partitioned or subdivided;
- 15 (C) Property that is rezoned and used consistently with the rezoning;
- 16 (D) Property that is added to the assessment and tax roll as omitted property; or
- 17 (E) Property that is disqualified from exemption, partial exemption or special assessment.

18 (c) Paragraph (b)(B), (C), (D) and (E) of this subsection does not apply to the calculation of av-
 19 erage real market value in the case of property centrally assessed under ORS 308.505 to 308.665.

20 **(4) “Lot line adjustment” means any addition to the square footage of the land for a real**
 21 **property tax account and a corresponding subtraction of square footage of the land from a**
 22 **contiguous real property tax account.**

23 **(5) “Minor construction” means additions of real property improvements, the real market**
 24 **value of which does not exceed \$10,000 in any assessment year or \$25,000 for cumulative ad-**
 25 **ditions made over five assessment years.**

26 [(5)(a)] **(6)(a)** “New property or new improvements” means changes in the value of property as
 27 the result of:

- 28 (A) New construction, reconstruction, major additions, remodeling, renovation or rehabilitation
 29 of property;
- 30 (B) The siting, installation or rehabilitation of manufactured structures or floating homes; or
- 31 (C) The addition of machinery, fixtures, furnishings, equipment or other taxable real or personal
 32 property to the property tax account.

33 (b) “New property or new improvements” does not include changes in the value of the property
 34 as the result of:

- 35 (A) General ongoing maintenance and repair; or
- 36 (B) Minor construction.

37 (c) “New property or new improvements” includes taxable property that on January 1 of the
 38 assessment year is located in a different tax code area than on January 1 of the preceding assess-
 39 ment year.

40 [(6) “Minor construction” means additions of real property improvements, the real market value of
 41 which does not exceed \$10,000 in any assessment year or \$25,000 for cumulative additions made over
 42 five assessment years.]

43 [(7) “Lot line adjustment” means any addition to the square footage of the land for a real property
 44 tax account and a corresponding subtraction of square footage of the land from a contiguous real
 45 property tax account.]

1 (7) “Property class” means the classification of property adopted by the Department of
 2 Revenue by rule pursuant to ORS 308.215, except that in the case of property assessed under
 3 ORS 308.505 to 308.665, “property class” means the total of all property set forth in the as-
 4 sessment roll prepared under ORS 308.540.

5 **SECTION 3.** ORS 308.115 is amended to read:

6 308.115. (1) Whenever any mineral, coal, oil, gas or other severable interest in or part of real
 7 property is owned separately and apart from the rights and interests owned in the surface ground
 8 of the real property, such minerals, coal, oil, gas or other interest or parts shall not be assessed and
 9 taxed.

10 (2) Notwithstanding subsection (1) of this section, if the property is actively being mined as of
 11 the assessment date, the severable interest described in subsection (1) of this section shall be as-
 12 sessed and taxed as real or personal property in accordance with existing law in the name of the
 13 owner [*thereof*], separately from the surface rights and interests in the real property and may be sold
 14 for taxes in the same manner and with the same effect as other interests in real property are sold
 15 for taxes.

16 (3) [*Similarly,*] Whenever any building, structure, improvement, machinery[,] or equipment [*or*
 17 *fixture*] is owned separately and apart from the land or real property [*whereon*] **on which** it stands
 18 or to which it is affixed, such building, structure, improvement, machinery[,] or equipment [*or*
 19 *fixture*] shall be assessed and taxed in the name of the owner [*thereof*].

20 (4) Nothing in this section [*shall alter*] **alters** the tax-exempt status of a mining claim described
 21 in ORS 307.080.

22 **SECTION 4.** Section 5 of this 2012 Act is added to and made a part of ORS chapter 311.

23 **SECTION 5.** The tax collector of a county in which property taxes on machinery and
 24 equipment are delinquent may, at the tax collector’s discretion, collect the delinquent taxes
 25 pursuant to:

26 (1) The provisions of ORS chapter 311 applicable to personal property; or

27 (2) The provisions of ORS chapter 312 establishing foreclosure proceedings with respect
 28 to liens against real property.

29 **SECTION 6.** ORS 311.510 is amended to read:

30 311.510. Taxes on real property not paid on or before May 15 [*shall be*] **are** delinquent. Taxes
 31 on personal property [*shall become*] **or on real property machinery and equipment are** delinquent
 32 whenever any third [*thereof*], or other specified installment, **of the taxes** is not paid on or before
 33 its due date, as provided in ORS 311.505.

34 **SECTION 7.** Section 5 of this 2012 Act and the amendments to ORS 308.115, 308.149,
 35 308.215 and 311.510 by sections 1 to 3 and 6 of this 2012 Act apply to property tax years be-
 36 ginning on or after July 1, 2012.

37 **SECTION 8.** This 2012 Act takes effect on the 91st day after the date on which the 2012
 38 regular session of the Seventy-sixth Legislative Assembly adjourns sine die.