

**A-Engrossed**  
**Senate Bill 1532**

Ordered by the Senate February 10  
Including Senate Amendments dated February 10

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Finance and 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.

*[Clarifies that property subject to central assessment may be granted enterprise zone exemption.]*  
**Excludes certain company that owns or leases data center in enterprise zone from central assessment during period of enterprise zone exemption.**  
Applies to property tax years beginning on or after July 1, *[2011]* **2012**.  
Takes effect on 91st day following adjournment sine die.

**A BILL FOR AN ACT**

1  
2 Relating to the exemption of property in enterprise zones; creating new provisions; amending ORS  
3 308.515; and prescribing an effective date.

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

5 **SECTION 1.** ORS 308.515 is amended to read:

6 308.515. (1) The Department of Revenue shall make an annual assessment of any property that  
7 has a situs in this state and that, except as provided in subsection (3) of this section, is used or held  
8 for future use by any company in performing or maintaining any of the following businesses or ser-  
9 vices or in selling any of the following commodities, whether in domestic or interstate commerce  
10 or in any combination of domestic and interstate commerce, and whether mutually or for hire, sale  
11 or consumption by other persons:

- 12 (a) Railroad transportation;  
13 (b) Railroad switching and terminal;  
14 (c) Electric rail transportation;  
15 (d) Private railcar transportation;  
16 (e) Air transportation;  
17 (f) Water transportation upon inland water of the State of Oregon;  
18 (g) Air or railway express;  
19 (h) Communication;  
20 (i) Heating;  
21 (j) Gas;  
22 (k) Electricity;  
23 (L) Pipeline;  
24 (m) Toll bridge; or  
25 (n) Private railcars of all companies not otherwise listed in this subsection, if the private

**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 railcars are rented, leased or used in railroad transportation for hire.

2 (2) The assessment described in subsection (1) of this section shall be made on an assessment  
3 roll that is prepared by the division of the department charged with property tax administration.

4 (3) There may not be assessed under subsection (1) of this section:

5 (a) Any property used by or for water transportation companies whose watercraft ply exclu-  
6 sively on the high seas, or between the high seas and inland water ports or terminals, or any com-  
7 bination thereof.

8 (b) Any property used by or for water transportation companies exclusively for hire by other  
9 persons for booming and rafting, dredging, log or marine salvage, ship berthing, maintenance, sludge  
10 removal, cleaning or repair, marine or water-based construction, or guide service.

11 (c) Any property used by or for interstate ferries or by or for water transportation companies  
12 as ferries operating directly across interstate rivers.

13 (d) Any property of the National Railroad Passenger Corporation.

14 (e) Any aircraft that is required to be registered under ORS 837.040 for all or any part of the  
15 calendar year and that is not used to provide scheduled passenger service.

16 (4) Any corporation included within subsection (1) of this section, to the extent that it actively  
17 engages in any business or service not described therein or not incidental to any business or service  
18 or sale of a commodity described therein, may not to that extent be deemed a corporation whose  
19 properties are assessed under ORS 308.505 to 308.665.

20 *[(5) A company is not a company described in subsection (1) of this section to the extent that the*  
21 *company furnishes undiluted liquefied or industrial gas in bottles, tanks or similar containers.]*

22 *[(6) A company is not an electric company under subsection (1) of this section if:]*

23 *[(a) The company generates electricity primarily for the company's own use, but makes incidental*  
24 *sales of the company's surplus electricity; or]*

25 *[(b)(A) The company's generating facility is primarily fueled by wood waste or other biomass*  
26 *fuel;]*

27 *[(B) The generating facility has a maximum capacity of 20 megawatts; and]*

28 *[(C) The company, if selling the generated electricity, does so only directly to an electric utility for*  
29 *the utility's distribution to utility customers.]*

30 [(7)] (5) The department shall assess property owned, leased or occupied by a legal entity not  
31 yet engaged in a business, service or sale of a commodity that is described in subsection (1) of this  
32 section if the property is intended for operation or use in the business, service or sale of the com-  
33 modity.

34 [(8) As used in this section, "electric utility" has the meaning given that term in ORS 758.505.]

35 **SECTION 2. Section 3 of this 2012 Act is added to and made a part of ORS 308.505 to**  
36 **308.665.**

37 **SECTION 3. (1) A company is not a company described in ORS 308.515 (1) to the extent**  
38 **that the company furnishes undiluted liquefied or industrial gas in bottles, tanks or similar**  
39 **containers.**

40 **(2) A company is not a company described in ORS 308.515 (1) if:**

41 **(a) The company generates electricity primarily for the company's own use and makes**  
42 **no more than incidental sales of the company's surplus electricity to other persons; or**

43 **(b)(A) The company's generating facility is primarily fueled by wood waste or other**  
44 **biomass fuel;**

45 **(B) The generating facility has a maximum capacity of 20 megawatts; and**

1 (C) The company, if selling the generated electricity, does so only directly to an electric  
2 utility, as defined in ORS 758.505, for the electric utility's distribution to utility customers.

3 (3) A company that is the owner or lessee of a data center is not a company described  
4 in ORS 308.515 (1) if:

5 (a) The company has entered into a written tax abatement agreement, or is entitled by  
6 assignment or succession to the benefits of a tax abatement agreement entered into, with  
7 the sponsors of an enterprise zone with respect to a data center, pursuant to ORS 285C.050  
8 to 285C.250 or 285C.400 to 285C.420; and

9 (b)(A) The original cost of construction and installation of all real and tangible personal  
10 property owned or leased by the company in Oregon other than data centers does not equal  
11 more than five percent of the original cost of the real and tangible personal property of all  
12 data centers owned, leased or used by the company in Oregon and all additions to the data  
13 center property; and

14 (B) The property in Oregon other than data centers described in subparagraph (A) of this  
15 paragraph consists of real or tangible personal property used in the operation of an office  
16 or a warehouse or in connection with the construction, installation or operation of data  
17 center property.

18 (4)(a) Property of a company described in subsection (3) of this section may not be as-  
19 sessed under ORS 308.505 to 308.665 during the term of an exemption granted pursuant to  
20 an agreement described in subsection (3)(a) of this section or during the term of any  
21 statutorily authorized extensions of the exemption, waivers or periods of in lieu payments.

22 (b) For purposes of the notations required under ORS 285C.175 (7) and 285C.409 (3), the  
23 county assessor shall record the real market value, the assessed value and the amount of  
24 potential additional taxes as determined without regard to ORS 308.505 to 308.665.

25 (5) If a company described in subsection (3) of this section owns or leases a data center  
26 in more than one county in this state, each data center must satisfy all applicable require-  
27 ments under subsection (3) of this section.

28 (6)(a) As used in this section:

29 (A) "Data center" means an online service data center or an independent data center.

30 (B) "Independent data center" means real and personal property consisting of buildings  
31 or structures specifically designed or modified to house networked computers and data and  
32 transaction processing equipment and related infrastructure support equipment, including,  
33 without limitation, power and cooling equipment, used primarily to provide, as a service to  
34 persons other than the company operating the independent data center, data and transaction  
35 processing services, outsource information technology services and computer equipment  
36 colocation services.

37 (C) "Online service data center" means real and personal property consisting of buildings  
38 or structures specifically designed or modified to house networked computers and data and  
39 transaction processing equipment and related infrastructure support equipment, including,  
40 without limitation, power and cooling equipment, used primarily to provide, to a single user,  
41 including the user's affiliates, customers, lessees, vendors and other persons authorized by  
42 the user, data and transaction processing services.

43 (b) For purposes of this subsection, the primary use of property is based on the relative  
44 proportion of the original cost of property used for all purposes.

45 **SECTION 4.** Section 3 of this 2012 Act applies to property tax years beginning on or after

1 **July 1, 2012.**

2 **SECTION 5. This 2012 Act takes effect on the 91st day after the date on which the 2012**  
3 **regular session of the Seventy-sixth Legislative Assembly adjourns sine die.**

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