

**REVENUE IMPACT OF  
PROPOSED LEGISLATION  
Seventy-Seventh Oregon Legislative  
Assembly  
2013 Regular Session  
Legislative Revenue Office**

**Bill Number: SB 261  
Revenue Area: Property Tax  
Economist: Christine Broniak  
Date: 3-14-2013**

***Only Impacts on Original or Engrossed  
Versions are Considered Official***

**Measure Description:** Exempts from property taxation certain property leased to United States in connection with electricity transmission in Pacific Northwest. Applies to property tax years beginning on or after July 1, 2008. Takes effect on 91st day following adjournment sine die.

**Revenue Impact (in \$Millions):**

	2013-15	2015-17	2017-19
Counties and Local Taxing Districts	\$0 or -\$ 4.7	\$0 or -\$ 2.7	\$0 or -\$ 0.6
Schools	\$0 or -\$ 3.1	\$0 or -\$ 1.8	\$0 or -\$ 0.4
<b>Total</b>	<b>\$0 or -\$ 7.8</b>	<b>\$ 0 or -\$4.5</b>	<b>\$0 or -\$1.0</b>

**Impact Explanation:** With limited US Treasury borrowing authority, the Bonneville Power Administration (BPA) has increasingly been using third-party financing to finance transmission equipment and facilities. In cases where the third party is not an exempt governmental entity, the Department of Revenue has determined that these facilities and equipment are subject to property tax. A case is pending in property tax court in which a determination is sought on whether certain third parties owe taxes on these facilities. BPA would ultimately bear the cost of these taxes through its lease payments. Taxes have not been assessed pending a final court decision. BPA is increasingly building capacity through this third-party financing. Estimated taxes associated with these structures have been growing in recent years, and the amount of property tax at issue is \$5.3 million through 2013 cumulatively for facilities that have been built since 2008. If the court determines that the facilities are not taxable, this measure would have no revenue impact. This is the reason that one possibility for impacts is \$0 in the above chart. In 2012, BPA began entering into lease financing agreements with the Port of Morrow. The port's property is exempt from taxation. The amount financed by taxable third parties is anticipated to decline. The property tax associated with transmission facilities leased from taxable entities is below.

Potential Property Tax Associated with BPA Transmission Facilities Under a Third-Party Lease (If leased from a taxable entity)		
2008	14,000	
2009	187,000	
2010	751,000	

2011	978,000	
2012	1,280,000	
2013	2,130,000	
2014	2,500,000	Projection
2015	3,000,000	Projection
2016	1,500,000	Projection
2017	1,000,000	Projection
2018	0	Projection
2019	0	Projection

**Creates, Extends, or Expands Tax Expenditure:**      Yes  No

The policy purpose of this measure must be developed. A proposed purpose statement is below:

The purpose of this tax expenditure is to treat leased property as property of the United States government if it is used for electricity transmission by a federal agency.