

D R A F T

SUMMARY

Eliminates certain property requirements for exclusion from central assessment of property of company that is owner or lessee of data center.

Grandfathers former property requirements with respect to tax abatement agreements entered into before January 1, 2013.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to exemption of property in enterprise zones; creating new pro-
3 visions; amending section 3, chapter 103, Oregon Laws 2012; and pre-
4 scribing an effective date.

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

6 **SECTION 1.** Section 3, chapter 103, Oregon Laws 2012, is amended to
7 read:

8 **Sec. 3.** (1) A company is not a company described in ORS 308.515 (1) to
9 the extent that the company furnishes undiluted liquefied or industrial gas
10 in bottles, tanks or similar containers.

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

12 (a) The company generates electricity primarily for the company's own
13 use and makes no more than incidental sales of the company's surplus elec-
14 tricity to other persons; or

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

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

18 (C) The company, if selling the generated electricity, does so only directly
19 to an electric utility, as defined in ORS 758.505, for the electric utility's

1 distribution to utility customers.

2 (3) A company that is the owner or lessee of a data center is not a com-
3 pany described in ORS 308.515 (1) if[:]

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

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

15 [(B) *The property in Oregon other than data centers described in subpara-*
16 *graph (A) of this paragraph consists of real or tangible personal property used*
17 *in the operation of an office or a warehouse or in connection with the con-*
18 *struction, installation or operation of data center property.]*

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

24 (b) For purposes of the notations required under ORS 285C.175 (7) and
25 285C.409 (3), the county assessor shall record the real market value, the as-
26 sessed value and the amount of potential additional taxes as determined
27 without regard to ORS 308.505 to 308.665.

28 (5) If a company described in subsection (3) of this section owns or leases
29 a data center in more than one county in this state, each data center must
30 satisfy [*all applicable*] **the** requirements [*under*] **of** subsection (3) of this
31 section.

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

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

4 (B) "Independent data center" means real and personal property consist-
5 ing of buildings or structures specifically designed or modified to house
6 networked computers and data and transaction processing equipment and
7 related infrastructure support equipment, including, without limitation,
8 power and cooling equipment, used primarily to provide, as a service to
9 persons other than the company operating the independent data center, data
10 and transaction processing services, outsource information technology ser-
11 vices and computer equipment colocation services.

12 (C) "Online service data center" means real and personal property con-
13 sisting of buildings or structures specifically designed or modified to house
14 networked computers and data and transaction processing equipment and
15 related infrastructure support equipment, including, without limitation,
16 power and cooling equipment, used primarily to provide, to a single user,
17 including the user's affiliates, customers, lessees, vendors and other persons
18 authorized by the user, data and transaction processing services.

19 (b) For purposes of this subsection, the primary use of property is based
20 on the relative proportion of the original cost of property used for all pur-
21 poses.

22 **SECTION 2. The amendments to section 3, chapter 103, Oregon**
23 **Laws 2012, by section 1 of this 2013 Act apply to a company that has**
24 **entered into a tax abatement agreement, or is entitled by assignment**
25 **or succession to the benefits of a tax abatement agreement entered**
26 **into, with the sponsors of an enterprise zone with respect to a data**
27 **center on or after January 1, 2013.**

28 **SECTION 3. This 2013 Act takes effect on the 91st day after the date**
29 **on which the 2013 regular session of the Seventy-seventh Legislative**
30 **Assembly adjourns sine die.**

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