

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

<b>Bill Number:</b>	<b>HB 2227 MRB</b>
<b>Revenue Area:</b>	<b>Property Tax</b>
<b>Economist:</b>	<b>Christine Broniak</b>
<b>Date:</b>	<b>5/2/2013</b>

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

**Measure Description:** Repeals certain little-used property tax exemptions, beginning with July 1, 2017 tax year. Creates consistent deadlines for application for certain property tax exemption programs. Eliminates application requirement for property owned by state or federal government, Indians or Indian tribe where leased, subleased or possession granted to state or federal government or Indian tribe. Creates 10-year clawback provisions for nonprofit corporation low income housing exemption program and vertical housing exemption program, consistent with other housing exemption programs. Requires applicant to obtain verifications required for farm labor camp and child care facility exemption programs. Adds application requirement to exemption for property held or operated by housing authority. Takes effect on 91st day following adjournment sine die. The minority report would increase the business personal property cancellation from \$12,500, indexed for inflation from 2002 to \$25,000, indexed for inflation from 2002. It would apply the increase to the tax year beginning July 1, 2014 and forward.

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

	2013-15	2015-17	2017-19
Counties and Local Taxing Districts	-6.4	-11.6	-14.4
Schools	-4.2	-7.7	-9.6
Total	-10.6	-19.4	-23.9

**Impact Explanation:** The repeal of little-used property tax exemptions, changes to filing deadlines, and clawback provisions have no revenue impact. Extending the business personal property tax cancellations to business personal property for businesses having less than \$25,000 in property, adjusted up for inflation from 2002 has the revenue impact listed above.

Currently, businesses having personal property worth less than \$12,500 adjusted up for inflation from 2002 are not required to pay property taxes on this property. The measure would increase that cutoff point to \$25,000 adjusted for inflation from 2002. More businesses would have personal property tax cancellation.

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

The policy purpose of this tax expenditure is to reduce personal property tax burden on Oregon's smallest businesses, many of which are women-owned and minority-owned.

