

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

Bill Number: HB 2480 B  
Revenue Area: Property Tax  
Economist: Christine Broniak  
Date: 6/26/2013

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

**Measure Description:**

Allows a change in the use of facilities constructed with certain general obligation bonds without causing the expenditure to be an improper expenditure that must be refunded. Requires that proceeds from the change in use of the facilities be used to reduce taxes imposed to pay bond-related costs.

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

	2013-15	2015-17	2017-19
Counties and Local Taxing Districts	0.06	0.13	1.46
Schools	0.04	0.09	0.97
Total	0.10	0.22	2.43

**Impact Explanation:**

The Wapato Jail's construction was funded with a general obligation bond approved in 1996. There is slightly less than \$15 million left to pay back on the bond before it is complete in 2016. A portion of the bond is attributable to the Wapato Jail. Multnomah County is seeking to lease or sell the jail to a private entity. The measure requires that proceeds of the sale or lease go to defer the taxpayer costs associated with the service of this bond. Revenue from property tax payments would be replaced by payments from the entity leasing the jail. It is estimated that the lease payment would be \$1.1 million per year. If the entity leasing the jail is a private firm or individual, the jail becomes taxable, and would be put on the property tax rolls. There is a positive revenue impact to this aspect of the measure.

The value of the jail for property tax purposes is not known. The building encompasses 170,000 square feet. Evaluation of warehouse properties of similar sizes yields an estimate that the property would be worth \$12 million. Uses other than a jail or movie set would likely require significant remodeling of the property. The property tax associated with this amount is estimated to be \$103,872 in the first year, applying the commercial CPR of 0.541 and a tax rate of \$16/\$1,000 in assessed value.

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