

House Bill 2219

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor John A. Kitzhaber, M.D.)

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 **as introduced**.

Provides that assessed value of property of communication company equals least of real market value as determined under central assessment statutes, maximum assessed value or value determined under alternate formula that subtracts book value of intangible property.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to central assessment of the property of communication companies; creating new provisions; amending ORS 308.515; repealing ORS 307.126; and prescribing an effective date.

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

SECTION 1. ORS 308.515, as amended by section 1, chapter 103, Oregon Laws 2012, is amended to read:

308.515. (1) The Department of Revenue shall make an annual assessment of any property that has a situs in this state and that, except as provided in subsection [(3)] (4) of this section, is used or held for future use by any company in performing or maintaining any of the following businesses or services or in selling any of the following commodities, whether in domestic or interstate commerce or in any combination of domestic and interstate commerce, and whether mutually or for hire, sale or consumption by other persons:

(a) Railroad transportation;

(b) Railroad switching and terminal;

(c) Electric rail transportation;

(d) Private railcar transportation;

(e) Air transportation;

(f) Water transportation upon inland water of the State of Oregon;

(g) Air or railway express;

(h) Communication;

(i) Heating;

(j) Gas;

(k) Electricity;

(L) Pipeline;

(m) Toll bridge; or

(n) Private railcars of all companies not otherwise listed in this subsection, if the private railcars are rented, leased or used in railroad transportation for hire.

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

(3)(a) The assessed value of the property of a communication company shall be deter-

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 **mined in the manner described in section 5 of this 2013 Act.**

2 **(b) This subsection does not apply to the property of a company described in section 3**
3 **(4) and (5), chapter 103, Oregon Laws 2012.**

4 [(3)] (4) 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)] (5) Any corporation included within subsection (1) of this section, to the extent that it ac-
17 tively engages in any business or service not described therein or not incidental to any business or
18 service or sale of a commodity described therein, may not to that extent be deemed a corporation
19 whose properties are assessed under ORS 308.505 to 308.665.

20 [(5)] (6) The department shall assess property owned, leased or occupied by a legal entity not
21 yet engaged in a business, service or sale of a commodity that is described in subsection (1) of this
22 section if the property is intended for operation or use in the business, service or sale of the com-
23 modity.

24 **SECTION 2. The amendments to ORS 308.515 by section 1 of this 2013 Act apply to**
25 **property tax years beginning on or after July 1, 2013, and before July 1, 2016.**

26 **SECTION 3. ORS 308.515, as amended by section 1, chapter 103, Oregon Laws 2012, and section**
27 **1 of this 2013 Act, is amended to read:**

28 308.515. (1) The Department of Revenue shall make an annual assessment of any property that
29 has a situs in this state and that, except as provided in subsection (4) of this section, is used or held
30 for future use by any company in performing or maintaining any of the following businesses or ser-
31 vices or in selling any of the following commodities, whether in domestic or interstate commerce
32 or in any combination of domestic and interstate commerce, and whether mutually or for hire, sale
33 or consumption by other persons:

34 (a) Railroad transportation;

35 (b) Railroad switching and terminal;

36 (c) Electric rail transportation;

37 (d) Private railcar transportation;

38 (e) Air transportation;

39 (f) Water transportation upon inland water of the State of Oregon;

40 (g) Air or railway express;

41 (h) Communication;

42 (i) Heating;

43 (j) Gas;

44 (k) Electricity;

45 (L) Pipeline;

1 (m) Toll bridge; or

2 (n) Private railcars of all companies not otherwise listed in this subsection, if the private
3 railcars are rented, leased or used in railroad transportation for hire.

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

6 (3)(a) The assessed value of the property of a communication company shall be determined in
7 the manner described in [section 5] **section 8** of this 2013 Act.

8 (b) This subsection does not apply to the property of a company described in section 3 (4) and
9 (5), chapter 103, Oregon Laws 2012.

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

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

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

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

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

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

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

26 (6) The department shall assess property owned, leased or occupied by a legal entity not yet
27 engaged in a business, service or sale of a commodity that is described in subsection (1) of this
28 section if the property is intended for operation or use in the business, service or sale of the com-
29 modity.

30 **SECTION 4. The amendments to ORS 308.515 by section 3 of this 2013 Act apply to**
31 **property tax years beginning on or after July 1, 2016.**

32 **SECTION 5. Notwithstanding ORS 308.146, the assessed value of the property of a com-**
33 **munication company shall equal the least of:**

34 (1) **The real market value of the property as determined pursuant to ORS 308.505 to**
35 **308.665 without regard to this section;**

36 (2) **The maximum assessed value of the property as determined under ORS 308.146; or**

37 (3) **The historical cost less depreciation of the balance sheet assets of the communication**
38 **company, plus the real market value of property leased and used by the company to operate**
39 **a communication business as defined in ORS 308.505, minus the net book value of the intan-**
40 **gible property of the company, multiplied by:**

41 (a) **130 percent, for the property tax year beginning on July 1, 2013, and ending on June**
42 **30, 2014.**

43 (b) **120 percent, for the property tax year beginning on July 1, 2014, and ending on June**
44 **30, 2015.**

45 (c) **110 percent, for the property tax year beginning on July 1, 2015, and ending on June**

1 30, 2016.

2 **SECTION 6.** Section 5 of this 2013 Act is repealed on January 2, 2017.

3 **SECTION 7.** Section 8 of this 2013 Act is added to and made a part of ORS 308.505 to
4 308.665.

5 **SECTION 8.** Notwithstanding ORS 308.146, the assessed value of the property of a com-
6 munication company shall equal the least of:

7 (1) The real market value of the property as determined pursuant to ORS 308.505 to
8 308.665 without regard to this section;

9 (2) The maximum assessed value of the property as determined under ORS 308.146; or

10 (3) The historical cost less depreciation of the balance sheet assets of the communication
11 company, plus the real market value of property leased and used by the company to operate
12 a communication business as defined in ORS 308.505, minus the net book value of the intan-
13 gible property of the company.

14 **SECTION 9.** Section 8 of this 2013 Act applies to property tax years beginning on or after
15 July 1, 2016.

16 **SECTION 10.** ORS 307.126 is repealed.

17 **SECTION 11.** The repeal of ORS 307.126 by section 10 of this 2013 Act applies to property
18 tax years beginning on or after July 1, 2013.

19 **SECTION 12.** This 2013 Act takes effect on the 91st day after the date on which the 2013
20 regular session of the Seventy-seventh Legislative Assembly adjourns sine die.

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