

House Bill 2798

Sponsored by COMMITTEE ON ENERGY AND ENVIRONMENT

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 alternative formula for determining assessed value of locally assessed alternative energy system.

Provides exception to central assessment for certain companies with generating facilities that are solar photovoltaic energy systems.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to alternative energy systems; creating new provisions; amending ORS 307.175 and section
3 4, chapter 656, Oregon Laws 2011, and section 3, chapter 103, Oregon Laws 2012; and prescrib-
4 ing an effective date.

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

6 **SECTION 1.** ORS 307.175 is amended to read:

7 307.175. (1) As used in this section, "alternative energy system" means property consisting of
8 solar, geothermal, wind, water, fuel cell or methane gas energy systems for the purpose of heating,
9 cooling or generating electricity.

10 (2) An alternative energy system is exempt from ad valorem property taxation if the system is:

11 (a) A net metering facility, as defined in ORS 757.300; or

12 (b) Primarily designed to offset onsite electricity use.

13 (3) Notwithstanding ORS 307.110 and 308.505 to 308.665, any portion of the real property to
14 which an alternative energy system is affixed is exempt under this section if:

15 (a) The real property is otherwise exempt from ad valorem property taxation; and

16 (b) The alternative energy system is exempt under this section.

17 (4) Property equipped with an alternative energy system is exempt from ad valorem property
18 taxation in an amount that equals any positive amount obtained by subtracting the real market
19 value of the property as if it were not equipped with an alternative energy system from the real
20 market value of the property as equipped with the alternative energy system.

21 **(5)(a) Notwithstanding ORS 308.146 (2), the assessed value of an alternative energy sys-**
22 **tem that is not exempt under this section shall equal the least of:**

23 **(A) One-third of the original cost of the alternative energy system;**

24 **(B) The depreciated value of the alternative energy system;**

25 **(C) The maximum assessed value of the alternative energy system as determined under**
26 **ORS 308.146 (1); or**

27 **(D) The real market value of the alternative energy system.**

28 **(b) This section does not apply to an alternative energy system that is assessed under**
29 **ORS 308.505 to 308.665.**

30 **SECTION 2.** Section 3, chapter 103, Oregon Laws 2012, is amended to read:

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

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

4 (a) The company generates electricity primarily for the company’s own use and makes no more
 5 than incidental sales of the company’s surplus electricity to other persons; or

6 (b)(A) The company’s generating facility is primarily fueled by wood waste or other biomass fuel
 7 **or is a solar photovoltaic energy system;**

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

9 (C) The company, if selling the generated electricity, does so only directly to an electric utility,
 10 as defined in ORS 758.505, for the electric utility’s distribution to utility customers.

11 (3) A company that is the owner or lessee of a data center is not a company described in ORS
 12 308.515 (1) if:

13 (a) The company has entered into a written tax abatement agreement, or is entitled by assign-
 14 ment or succession to the benefits of a tax abatement agreement entered into, with the sponsors of
 15 an enterprise zone with respect to a data center, pursuant to ORS 285C.050 to 285C.250 or 285C.400
 16 to 285C.420; and

17 (b)(A) The original cost of construction and installation of all real and tangible personal prop-
 18 erty owned or leased by the company in Oregon other than data centers does not equal more than
 19 five percent of the original cost of the real and tangible personal property of all data centers owned,
 20 leased or used by the company in Oregon and all additions to the data center property; and

21 (B) The property in Oregon other than data centers described in subparagraph (A) of this par-
 22 agraph consists of real or tangible personal property used in the operation of an office or a ware-
 23 house or in connection with the construction, installation or operation of data center property.

24 (4)(a) Property of a company described in subsection (3) of this section may not be assessed
 25 under ORS 308.505 to 308.665 during the term of an exemption granted pursuant to an agreement
 26 described in subsection (3)(a) of this section or during the term of any statutorily authorized exten-
 27 sions of the exemption, waivers or periods of in lieu payments.

28 (b) For purposes of the notations required under ORS 285C.175 (7) and 285C.409 (3), the county
 29 assessor shall record the real market value, the assessed value and the amount of potential addi-
 30 tional taxes as determined without regard to ORS 308.505 to 308.665.

31 (5) If a company described in subsection (3) of this section owns or leases a data center in more
 32 than one county in this state, each data center must satisfy all applicable requirements under sub-
 33 section (3) of this section.

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

35 (A) “Data center” means an online service data center or an independent data center.

36 (B) “Independent data center” means real and personal property consisting of buildings or
 37 structures specifically designed or modified to house networked computers and data and transaction
 38 processing equipment and related infrastructure support equipment, including, without limitation,
 39 power and cooling equipment, used primarily to provide, as a service to persons other than the
 40 company operating the independent data center, data and transaction processing services, outsource
 41 information technology services and computer equipment colocation services.

42 (C) “Online service data center” means real and personal property consisting of buildings or
 43 structures specifically designed or modified to house networked computers and data and transaction
 44 processing equipment and related infrastructure support equipment, including, without limitation,
 45 power and cooling equipment, used primarily to provide, to a single user, including the user’s affil-

1 iates, customers, lessees, vendors and other persons authorized by the user, data and transaction
2 processing services.

3 (b) For purposes of this subsection, the primary use of property is based on the relative pro-
4 portion of the original cost of property used for all purposes.

5 **SECTION 3.** Section 4, chapter 656, Oregon Laws 2011, is amended to read:

6 **Sec. 4.** (1) The amendments to ORS 307.175 by section 3, **chapter 656, Oregon Laws 2011**, [*of*
7 *this 2011 Act*] apply to tax years beginning on or after July 1, 2011[, *and before July 1, 2018*].

8 **(2) An exemption under ORS 307.175 may not be claimed for tax years beginning on or**
9 **after July 1, 2017.**

10 **SECTION 4.** The amendments to ORS 307.175 and section 3, chapter 103, Oregon Laws
11 2012, by sections 1 and 2 of this 2013 Act apply to property tax years beginning on or after
12 July 1, 2013.

13 **SECTION 5.** This 2013 Act takes effect on the 91st day after the date on which the 2013
14 regular session of the Seventy-seventh Legislative Assembly adjourns sine die.

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