



YAMHILL COUNTY ASSESSMENT & TAX

535 NE 5TH ST., Room 42
McMinnville, OR. 97128
Phone: 503-434-7521
Metro Area: 503-554-7848
Fax: 503-434-7352

HOUSE Bill 4005

Scott Maytubby Yamhill County Assessor, before the Senate Finance & Revenue Committee,
February 25, 2014

For the specific reasons listed below I recommend the Committee reject the A-7 & 8 amendments.

I would like to start off by clarifying some statements that were made at the hearing on Wednesday February 19, 2014. A comment was made that "Evergreen has always received a complete exemption until the aggressive Yamhill County Assessor changed his mind and mistakenly imposed taxes". The facts are; from the time the first building was completed in 2003-2004, the assessor's office has always asserted that a small percentage of the improvements are taxable due to their corporate and for-profit uses, while at the same time granting exemption for a majority of the building.

I would like to state for the record that I have always recognized that the majority of the improvements are a museum of the highest quality and have given them a high percentage of exempt status ranging from 80% to 96%. Please note there is over 37,000 square feet of dedicated Evergreen corporate office space located in the theater building. The properties also have 2 commercial kitchens and wine bars. The Oregon Tax Court has affirmed these facts in several rulings in the favor of the assessor's office.

Concern #1

The amendments propose to House Bill 4005 in their current form will have the effect of broadening the exemption statutes with more vague language that likely would lead to loss in revenue of **\$1,071,849.73** dollars to the 43 taxing districts located in Yamhill County. **\$585,099** of the loss would affect school districts. (Not including Personal Property) This does not take into account future taxes.

Unfortunately due to the short notice most of the taxing districts in Yamhill County are not aware of this legislation and are not aware of the financial impact. Please see the attached spreadsheet for a detailed listing of this impact. Please remember this does not include future loss of revenue. These numbers are only based on the taxes already due.

I have received the following comment from a city official. "I don't have to tell you how cities like ours are faced with significant financial challenges trying to maintain critical city services, like police, fire and ambulance services" and "we don't need reduced revenues to provide this capability, we need more"

Concern #2

Section 2 item (3) page 1 lines 21-22 states the property of the museum that is exempt under this section is the land on which the museum is situated, including open land “not in agricultural use” this provision could exempt large acreages that could be used for future commercial development that are currently not used for Museum purposes. Currently there’s 37 acres that meet this criteria, some of the acres are zoned C-3 commercial. There is **no limit** on the acreage of this open land. This provision would allow this owner to hold property with no holding cost and latter sell the property for development. Currently no other citizen or private originations can do this to the best of my knowledge.

Concern #3

Section 2 #3 (c) page 2 lines 4-6: grants exemption for “services providing refreshment to the public while visiting the museum”. My concern here is what about catering private events? Evergreen has two commercial kitchens that generate approximately \$500,000 a year in catering. By exempting these real and personal property assets gives them an unfair advantage in the marketplace. Economic development incentives to businesses should be fair and equitable and extended to the entire community. Again the tax courts have affirmed that these uses should not be exempt.

Concern #4

Section 2 #3 (c) page 2 line 8: grants the exemption to property used “as a theater or presentations about history or science”. May this potentially include the waterpark? I feel this may be the main objective of this legislation. Legal counsel for Evergreen has stated the waterpark and future hotel should be exempt for educational and scientific purposes. Evergreen counsel stated that the waterpark building itself is an educational exhibit due to the engineering necessary to support the 747 jumbo jet on the roof. This language does not help clarify the statutes; if anything it opens the door to more ambiguity and possible litigation.

Concern #5

Please note in section 5 (2) page 10 lines 17&18. This 2014 act applies to property tax years beginning on or after July 1, 2011 and before July 1, 2014. Yamhill County has several appeals that have completed the trial phase and are awaiting judgment. This legislation is an attempt to preempt those decisions and not allow the courts alone to do their work dealing with the question of facts in the case.