

House Bill 4141

Sponsored by Representative UNGER (Pre-session filed.)

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 certain property tax exemptions and certain cancellations of property taxes do not apply to property taxes imposed by school districts or education service districts. Applies to tax years beginning on or after July 1, 2014.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to taxation by educational districts; creating new provisions; amending ORS 285C.170,
3 285C.175, 285C.362, 285C.409, 307.115, 307.118, 307.123, 307.126, 307.130, 307.136, 307.140, 307.145,
4 307.147, 307.150, 307.175, 307.195, 307.205, 307.210, 307.220, 307.230, 307.242, 307.250, 307.286,
5 307.315, 307.320, 307.325, 307.330, 307.370, 307.390, 307.391, 307.394, 307.397, 307.398, 307.400,
6 307.402, 307.455, 307.471, 307.485, 307.517, 307.518, 307.543, 307.580, 307.606, 307.657, 307.811,
7 307.827, 307.831, 307.835, 307.844, 308.250, 308.256, 308.558, 308.559, 308.665, 308A.362, 321.272,
8 321.829, 508.270, 554.320 and 803.585; and prescribing an effective date.

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

10 **SECTION 1. Section 2 of this 2014 Act is added to and made a part of ORS chapter 307.**

11 **SECTION 2. (1) Notwithstanding any other provision of law, an exemption allowed under**
12 **ORS 285C.170, 285C.175, 285C.362, 285C.409, 307.115, 307.118, 307.123, 307.126, 307.130, 307.136,**
13 **307.140, 307.145, 307.147, 307.150, 307.175, 307.195, 307.205, 307.210, 307.220, 307.230, 307.242,**
14 **307.250, 307.286, 307.315, 307.320, 307.325, 307.330, 307.370, 307.390, 307.391, 307.394, 307.397,**
15 **307.398, 307.400, 307.402, 307.455, 307.485, 307.517, 307.518, 307.580, 307.811, 307.827, 307.831,**
16 **307.835, 308.256, 308.558, 308.559, 308.665, 308A.362, 321.272, 321.829, 554.320 or 803.585 does not**
17 **apply to taxes imposed by a school district as defined in ORS 330.005 or an education service**
18 **district created under ORS 334.010.**

19 **(2) Notwithstanding any other provision of law, property taxes imposed by a school dis-**
20 **trict as defined in ORS 330.005 or an education service district created under ORS 334.010 are**
21 **not subject to cancellation under ORS 308.250 (2)(a), 308.256 (7) or 508.270.**

22 **SECTION 3. Section 2 of this 2014 Act is amended to read:**

23 **Sec. 2.** (1) Notwithstanding any other provision of law, an exemption allowed under ORS
24 285C.170, 285C.175, 285C.362, 285C.409, 307.115, 307.118, 307.123, 307.126, 307.130, 307.136, 307.140,
25 307.145, 307.147, 307.150, 307.175, 307.195, [307.205,] 307.210, [307.220, 307.230,] 307.242, 307.250,
26 307.286, 307.315, 307.320, 307.325, 307.330, 307.370, 307.390, 307.391, 307.394, 307.397, 307.398, 307.400,
27 307.402, 307.455, 307.485, 307.517, 307.518, 307.580, 307.811, 307.827, 307.831, 307.835, 308.256, 308.558,
28 308.559, 308.665, 308A.362, 321.272, 321.829, 554.320 or 803.585 does not apply to taxes imposed by a
29 school district as defined in ORS 330.005 or an education service district created under ORS 334.010.

30 **(2) Notwithstanding any other provision of law, property taxes imposed by a school district as**

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 defined in ORS 330.005 or an education service district created under ORS 334.010 are not subject
 2 to cancellation under ORS 308.250 (2)(a), 308.256 (7) or 508.270.

3 **SECTION 4.** ORS 285C.170 is amended to read:

4 285C.170. (1) **Except as provided in section 2 of this 2014 Act**, property shall be exempt from
 5 ad valorem property taxation under this section if:

6 (a) The property is located in an enterprise zone;

7 (b) The property is owned or leased by an authorized business firm or the business firm is
 8 contractually obligated to own or lease the property upon the property's being placed in service;

9 (c) The property is or, upon completion of the construction, addition, modification or installation
 10 of the property, will be qualified property;

11 (d) The authorization of the business firm remains active under ORS 285C.140 or 285C.165;

12 (e) The property has not been subject to exemption under ORS 307.330 at the location;

13 (f) The property is not and will not be centrally assessed under ORS 308.505 to 308.665;

14 (g) The property is not to be operated as all or a part of a hotel, motel or destination resort;
 15 and

16 (h) There is no known reason to conclude that the property or the firm will not satisfy any ap-
 17 plicable requirements for the property to be exempt under ORS 285C.175 upon being placed in ser-
 18 vice.

19 (2) Property may be exempt under this section for no more than two tax years, which must be
 20 consecutive.

21 (3) In determining whether property is exempt under this section, the county assessor:

22 (a) Shall adhere to the same procedures as apply under ORS 285C.175 (6) and (7); and

23 (b) May require the submission of additional evidence by the authorized business firm or zone
 24 sponsor showing that the property qualifies for exemption under this section. If required, the addi-
 25 tional evidence must be submitted on or before April 1 of the assessment year.

26 (4) The exemption under this section does not depend on the property or the authorized business
 27 firm receiving the exemption under ORS 285C.175 or satisfying requirements applicable to the ex-
 28 emption under ORS 285C.175.

29 (5) A year in which property is exempt under this section shall be considered a year in which
 30 the property is exempt under ORS 307.330 for purposes of determining the maximum number of years
 31 for which the property may be exempt under this section or ORS 307.330.

32 **SECTION 5.** ORS 285C.175 is amended to read:

33 285C.175. (1) **Except as provided in section 2 of this 2014 Act**, property of an authorized
 34 business firm is exempt from ad valorem property taxation if:

35 (a) The property is qualified property under ORS 285C.180;

36 (b) The firm meets the qualifications under ORS 285C.200; and

37 (c) The firm has entered into a first-source hiring agreement under ORS 285C.215.

38 (2)(a) The exemption allowed under this section applies to the first tax year for which, as of
 39 January 1 preceding the tax year, the qualified property is in service. The exemption shall continue
 40 for the next two succeeding tax years if the property continues to be owned or leased by the busi-
 41 ness firm and located in the enterprise zone.

42 (b) The property may be exempt from property taxation under this section for up to two addi-
 43 tional tax years consecutively following the tax years described in paragraph (a) of this subsection,
 44 if authorized by the written agreement entered into by the firm and the sponsor under ORS
 45 285C.160.

1 (c) If qualified property of a qualified business firm is sold or leased to an eligible business firm
2 in the enterprise zone during the period the property is exempt under this section, the purchasing
3 or leasing firm is eligible to continue the exemption of the selling or leasing firm for the balance
4 of the exemption period, but only if any effects on employment within the zone that result from the
5 sale or lease do not constitute substantial curtailment under ORS 285C.210.

6 (3)(a) The exemption allowed under this section shall be 100 percent of the assessed value of the
7 qualified property in each of the tax years for which the exemption is available.

8 (b) Notwithstanding paragraph (a) of this subsection:

9 (A) If the qualified property is an addition to or modification of an existing building or structure,
10 the exemption shall be measured by the increase in value, if any, attributable to the addition or
11 modification.

12 (B) If the qualified property is an item of reconditioned, refurbished, retrofitted or upgraded real
13 property machinery or equipment, the exemption shall be measured by the increase in the value of
14 the item that is attributable to the reconditioning, refurbishment, retrofitting or upgrade.

15 (4)(a) An exemption may not be granted under this section for qualified property assessed for
16 property tax purposes in the county in which the property is located on or before the effective date
17 of the:

18 (A) Designation of the zone; or

19 (B) Approval of a boundary change for the zone if the property is located in an area added to
20 the zone.

21 (b) An exemption may not be granted for qualified property constructed, added, modified or in-
22 stalled in the zone or in the process of construction, addition, modification or installation in the
23 zone on or before the effective date of the:

24 (A) Designation of the zone; or

25 (B) Approval of a boundary change for the zone if the property is located in an area added to
26 the zone.

27 (c) An exemption may not be granted for any qualified property that was in service within the
28 zone for more than 12 months by January 1 of the first assessment year for which an exemption
29 claim is made.

30 (d) An exemption may not be granted for any qualified property unless the property is in use
31 or occupancy before July 1 of the year immediately following the year during which the completion
32 of the construction, addition, modification or installation occurred.

33 (e) Except as provided in ORS 285C.245, an exemption may not be granted for qualified property
34 constructed, added, modified or installed after termination of an enterprise zone.

35 (5) Property is not required to have been exempt under ORS 285C.170 in order to be exempt
36 under this section.

37 (6) The county assessor shall notify the business firm in writing whenever property is denied
38 an exemption under this section. The denial of exemption may be appealed to the Oregon Tax Court
39 under ORS 305.404 to 305.560.

40 (7) For each tax year that the property is exempt from taxation, the assessor shall:

41 (a) Enter on the assessment roll, as a notation, the assessed value of the property as if it were
42 not exempt under this section.

43 (b) Enter on the assessment roll, as a notation, the amount of additional taxes that would be
44 due if the property were not exempt.

45 (c) Indicate on the assessment roll that the property is exempt and is subject to potential addi-

1 tional taxes as provided in ORS 285C.240, by adding the notation “enterprise zone exemption (po-
2 tential additional tax).”

3 **SECTION 6.** ORS 285C.362 is amended to read:

4 285C.362. (1) **Except as provided in section 2 of this 2014 Act**, property of an authorized
5 business firm is exempt from ad valorem property taxation if:

6 (a) The property is qualified property under ORS 285C.359;

7 (b) The firm meets the qualifications under ORS 285C.200; and

8 (c) The firm has entered into a first-source hiring agreement under ORS 285C.215.

9 (2) Notwithstanding subsection (1)(b) of this section, property that otherwise qualifies under
10 subsection (1) of this section is exempt from ad valorem property taxation if:

11 (a) At the time the zone sponsor approves the application of the firm for authorization pursuant
12 to ORS 285C.356, the governing body of the zone sponsor adopts a resolution waiving the require-
13 ments of ORS 285C.200 (1)(c) and (e) with respect to the application; and

14 (b) The firm completes an investment of \$5 million or more in qualified property.

15 (3)(a) Property described in subsection (1) or (2) of this section is exempt from ad valorem
16 property taxation only to the extent the real market value of the property, when added to the real
17 market value of all other property in the rural renewable energy development zone that has received
18 an exemption under this section, is less than the exemption authorization level established for the
19 zone under ORS 285C.353 (4).

20 (b) For purposes of this subsection, real market value shall be determined as of the assessment
21 date for the first year that property is exempt under this section.

22 (4) The exemption allowed under this section applies to the first tax year for which, as of Jan-
23 uary 1 preceding the tax year, the qualified property is in service. The exemption shall continue for
24 the next two succeeding tax years if the property continues to be owned or leased by the business
25 firm, operated to generate renewable energy or to support or maintain renewable energy facilities,
26 and located in the rural renewable energy development zone.

27 (5)(a) The exemption allowed under this section may continue for up to two additional tax years
28 consecutively following the tax years described in subsection (4) of this section if authorized by a
29 written agreement entered into by the firm and the sponsor under ORS 285C.160.

30 (b) Notwithstanding ORS 285C.160, a contiguous county that applied for a rural renewable en-
31 ergy development zone designation may elect to not participate in a two-year extension of the ex-
32 emption under this subsection. The election shall be made by resolution of the governing body of the
33 contiguous county on or before execution of the written agreement between the firm and the sponsor
34 under ORS 285C.160.

35 **SECTION 7.** ORS 285C.409 is amended to read:

36 285C.409. (1) **Except as provided in section 2 of this 2014 Act**, a facility of a certified business
37 firm is exempt from ad valorem property taxation:

38 (a) For the first tax year following the calendar year in which the business firm is certified
39 under ORS 285C.403 or after which construction or reconstruction of the facility commences,
40 whichever event occurs later;

41 (b) For each subsequent tax year in which the facility is not yet in service as of the assessment
42 date; and

43 (c) For a period of at least seven consecutive tax years but not more than 15 consecutive tax
44 years, as provided in the written agreement between the business firm and the rural enterprise zone
45 sponsor under ORS 285C.403 (3)(c), if the facility satisfies the requirements of ORS 285C.412. The

1 period described in this paragraph shall commence as of the first tax year in which the facility is
 2 in service as of the assessment date.

3 (2) An exemption under this section may not be allowed for real or personal property that has
 4 received a property tax exemption under ORS 285C.170 or 285C.175.

5 (3) For each tax year that the facility is exempt from taxation under this section, the county
 6 assessor shall:

7 (a) Enter on the assessment and tax roll, as a notation, the real market value and assessed value
 8 of the facility.

9 (b) Enter on the assessment and tax roll, as a notation, the amount of tax that would be due if
 10 the facility were not exempt.

11 (c) Indicate on the assessment and tax roll that the property is exempt and is subject to poten-
 12 tial additional taxes as provided in ORS 285C.420 by adding the notation “enterprise zone exemption
 13 (potential additional tax).”

14 (4) The amount determined under subsection (3)(b) of this section and the name of the business
 15 firm shall be reported to the Department of Revenue on or before December 31 of each tax year so
 16 that the department may compute the distributions described in ORS 317.131.

17 (5) The following property may not be exempt from property taxation under this section:

18 (a) Land.

19 (b) Any property that existed at the facility on an assessment date before the assessment date
 20 for the first tax year for which property of the firm is exempt under this section.

21 **SECTION 8.** ORS 307.115 is amended to read:

22 307.115. (1) Subject to approval by the appropriate granting authority under subsection (4) of
 23 this section, **except as provided in section 2 of this 2014 Act**, the following real or personal
 24 property owned or being purchased under contract by any nonprofit corporation meeting the re-
 25 quirements of subsection (2) of this section shall be exempt from taxation:

26 (a) The real or personal property, or proportion thereof, as is actually and exclusively occupied
 27 or used for public park or public recreation purposes.

28 (b) The real or personal property, or proportion thereof, as is held for public parks or public
 29 recreation purposes if the property is not used for the production of income, for investment, or for
 30 any trade or business or commercial purpose, or for the benefit or enjoyment of any private stock-
 31 holder or individual, but only if the articles of incorporation of the nonprofit corporation prohibit
 32 use of property owned or otherwise held by the corporation, or of proceeds derived from the sale
 33 of that property, except for public park or public recreation purposes.

34 (2) Any nonprofit corporation shall meet the following requirements:

35 (a) The corporation shall be organized for the principal purpose of maintaining and operating a
 36 public park and public recreation facility or acquiring interest in land for development for public
 37 parks or public recreation purposes;

38 (b) No part of the net earnings of the corporation shall inure to the benefit of any private
 39 stockholder or individual; and

40 (c) Upon liquidation, the assets of the corporation shall be applied first in payment of all out-
 41 standing obligations, and the balance remaining, if any, in cash and in kind, shall be distributed to
 42 the State of Oregon or to one or more of its political subdivisions for public parks or public recre-
 43 ation purposes.

44 (3) If any property which is exempt under this section subsequently becomes disqualified for
 45 such exemption or the exemption is not renewed as provided in subsection (4) of this section, it shall

1 be added to the next general property tax roll for assessment and taxation in the manner provided
 2 by law.

3 (4)(a) Real or personal property shall not be exempt under this section except upon approval of
 4 the appropriate granting authority obtained in the manner provided under this subsection.

5 (b) Before any property shall be exempt under this section, on or before April 1 of any year the
 6 corporation owning or purchasing such property shall file an application for exemption with the
 7 county assessor. The provisions of ORS 307.162 shall apply as to the form, time and manner of ap-
 8 plication. Within 10 days of filing in the office of the assessor, the assessor shall refer each appli-
 9 cation for classification to the granting authority, which shall be the governing body of a county for
 10 property located outside the boundaries of a city and the governing body of the city for property
 11 located within the boundaries of the city. Within 60 days thereafter, the application shall be granted
 12 or denied and written notice given to the applicant and to the county assessor. In determining
 13 whether an application made for exemption under this section should be approved or disapproved,
 14 the granting authority shall weigh the benefits to the general welfare of granting the proposed ex-
 15 emption to the property which is the subject of the application against the potential loss in revenue
 16 which may result from granting the application.

17 (c) The granting authority shall not deny the application solely because of the potential loss in
 18 revenue if the granting authority determines that granting the exemption to the property will:

19 (A) Conserve or enhance natural or scenic resources;

20 (B) Protect air or streams or water supplies;

21 (C) Promote conservation of soils, wetlands, beaches or tidal marshes;

22 (D) Conserve landscaped areas which enhance the value of abutting or neighboring property;

23 (E) Enhance the value to the public of abutting or neighboring parks, forests, wildlife preserves,
 24 natural reservations, sanctuaries or other open spaces;

25 (F) Enhance recreation opportunities;

26 (G) Preserve historic sites;

27 (H) Promote orderly urban or suburban development;

28 (I) Promote the reservation of land for public parks, recreation or wildlife refuge purposes; or

29 (J) Affect any other factors relevant to the general welfare of preserving the current use of the
 30 property.

31 (d) The granting authority may approve the application for exemption with respect to only part
 32 of the property which is the subject of the application. However, if any part of the application is
 33 denied, the applicant may withdraw the entire application.

34 (e) The exemption shall be granted for a 10-year period and may be renewed by the granting
 35 authority for additional periods of 10 years each at the expiration of the preceding period, upon the
 36 filing of a new application by the corporation with the county assessor on or before April 1 of the
 37 year following the 10th year of exemption. The assessor shall refer the application to the governing
 38 body as provided in paragraph (b) of this subsection, and within 30 days thereafter, the governing
 39 body shall determine if renewing the exemption will continue to serve one of the purposes of para-
 40 graph (c) of this subsection. Within 30 days after referral, written notice shall be given to the ap-
 41 plicant and to the county assessor of the determination made by the governing body.

42 (5) Any nonprofit corporation aggrieved by the refusal of the granting authority to grant or re-
 43 new an exemption under subsection (4) of this section may, within 60 days after written notice has
 44 been sent to the corporation, appeal from the determination of the granting authority to the Oregon
 45 Tax Court. The appeal should be perfected in the manner provided in ORS 305.560. The provisions

1 of ORS 305.405 to 305.494 shall apply to the appeals.

2 **SECTION 9.** ORS 307.118 is amended to read:

3 307.118. Upon compliance with ORS 307.162, **except as provided in section 2 of this 2014 Act,**
 4 the wastewater treatment facilities, sewage treatment facilities and all other property used for the
 5 purpose of wastewater treatment or sewage treatment, including the land underneath the facilities,
 6 shall be exempt from taxation if:

7 (1) Owned by a nonprofit corporation that was in existence as of January 1, 1997; and

8 (2) The nonprofit corporation's only activities consist of operating wastewater treatment and
 9 sewage treatment facilities that were constructed and in operation as of January 1, 1997.

10 **SECTION 10.** ORS 307.123 is amended to read:

11 307.123. (1) Except as provided in subsection (3) of this section, real or personal property that
 12 the Oregon Business Development Commission, acting pursuant to ORS 285C.606, has determined is
 13 an eligible project under ORS 285C.600 to 285C.639 shall be subject to assessment and taxation as
 14 follows:

15 (a) That portion of the real market value of the eligible project that equals the minimum cost
 16 of the project under ORS 285C.606 (1)(c), increased annually for growth at the rate of three percent,
 17 shall be taxable at the taxable portion's assessed value under ORS 308.146. The taxable portion of
 18 real market value, as adjusted, shall be allocated as follows until the entire amount is assigned: first
 19 to land, second to buildings, third to real property machinery and equipment and last to personal
 20 property.

21 (b) **Except as provided in section 2 of this 2014 Act,** the remainder of the real market value
 22 shall be exempt from taxation for a period of 15 years from the beginning of the tax year after the
 23 earliest of the following dates:

24 (A) The date the property is certified for occupancy or, if no certificate of occupancy is issued,
 25 the date the property is used to produce a product for sale; or

26 (B) The expiration of the exemption for commercial facilities under construction under ORS
 27 307.330.

28 (2) If the real market value of the property falls below the value determined under subsection
 29 (1)(a) of this section, the owner or lessee shall pay taxes only on the assessed value of the property.

30 (3) Notwithstanding subsection (1) of this section, real or personal property that has received
 31 an exemption under ORS 285C.175 may not be assessed under this section.

32 (4) The Department of Revenue may adopt rules and prescribe forms that the department de-
 33 termines are necessary for administration of this section.

34 (5) The determination by the Oregon Business Development Commission that a project is an el-
 35 igible project that may receive a tax exemption under this section shall be conclusive, so long as
 36 the property included in the eligible project is constructed and installed in accordance with the
 37 application approved by the commission.

38 (6) Notwithstanding subsection (1) of this section, if the owner or lessee of property exempt
 39 under this section fails to pay the fee required under ORS 285C.609 (4)(b) by the end of the tax year
 40 in which it is due, the exemption shall be revoked and the property shall be fully taxable for the
 41 following tax year and for each subsequent tax year for which the fee remains unpaid. If an unpaid
 42 fee is paid after the exemption is revoked, the property shall again be eligible for the exemption
 43 provided under this section, beginning with the tax year after the payment is made. Reinstatement
 44 of the exemption under this subsection shall not extend the 15-year exemption period provided for
 45 in subsection (1)(b) of this section.

1 **SECTION 11.** ORS 307.126 is amended to read:

2 307.126. **Except as provided in section 2 of this 2014 Act**, licenses granted by the Federal
 3 Communications Commission are exempt from ad valorem property taxation, and the value of the
 4 licenses may not be reflected in the value of real or tangible personal property.

5 **SECTION 12.** ORS 307.130 is amended to read:

6 307.130. (1) As used in this section:

7 (a) “Art museum” means a nonprofit corporation organized to display works of art to the public.

8 (b) “Internal Revenue Code” means the federal Internal Revenue Code as amended and in effect
 9 on January 3, 2013.

10 (c) “Nonprofit corporation” means a corporation that:

11 (A) Is organized not for profit, pursuant to ORS chapter 65 or any predecessor of ORS chapter
 12 65; or

13 (B) Is organized and operated as described under section 501(c) of the Internal Revenue Code.

14 (d) “Volunteer fire department” means a nonprofit corporation organized to provide fire pro-
 15 tection services in a specific response area.

16 (2) Upon compliance with ORS 307.162, **except as provided in section 2 of this 2014 Act**, the
 17 following property owned or being purchased by art museums, volunteer fire departments, or incor-
 18 porated literary, benevolent, charitable and scientific institutions shall be exempt from taxation:

19 (a) Except as provided in ORS 748.414, only such real or personal property, or proportion
 20 thereof, as is actually and exclusively occupied or used in the literary, benevolent, charitable or
 21 scientific work carried on by such institutions.

22 (b) Parking lots used for parking or any other use as long as that parking or other use is per-
 23 mitted without charge for no fewer than 355 days during the tax year.

24 (c) All real or personal property of a rehabilitation facility or any retail outlet thereof, including
 25 inventory. As used in this subsection, “rehabilitation facility” means either those facilities defined
 26 in ORS 344.710 or facilities which provide individuals who have physical, mental or emotional disa-
 27 bilities with occupational rehabilitation activities of an educational or therapeutic nature, even if
 28 remuneration is received by the individual.

29 (d) All real and personal property of a retail store dealing exclusively in donated inventory,
 30 where the inventory is distributed without cost as part of a welfare program or where the proceeds
 31 of the sale of any inventory sold to the general public are used to support a welfare program. As
 32 used in this subsection, “welfare program” means the providing of food, shelter, clothing or health
 33 care, including dental service, to needy persons without charge.

34 (e) All real and personal property of a retail store if:

35 (A) The retail store deals primarily and on a regular basis in donated and consigned inventory;

36 (B) The individuals who operate the retail store are all individuals who work as volunteers; and

37 (C) The inventory is either distributed without charge as part of a welfare program, or sold to
 38 the general public and the sales proceeds used exclusively to support a welfare program. As used
 39 in this paragraph, “primarily” means at least one-half of the inventory.

40 (f) The real and personal property of an art museum that is used in conjunction with the public
 41 display of works of art or used to educate the public about art, but not including any portion of the
 42 art museum’s real or personal property that is used to sell, or hold out for sale, works of art, re-
 43 productions of works of art or other items to be sold to the public.

44 (g) All real and personal property of a volunteer fire department that is used in conjunction with
 45 services and activities for providing fire protection to all residents within a fire response area.

1 (h) All real and personal property, including inventory, of a retail store owned by a nonprofit
2 corporation if:

3 (A) The retail store deals exclusively in donated inventory; and

4 (B) Proceeds of the retail store sales are used to support a not-for-profit housing program whose
5 purpose is to:

6 (i) Acquire property and construct housing for resale to individuals at or below the cost of ac-
7 quisition and construction; and

8 (ii) Provide loans bearing no interest to individuals purchasing housing through the program.

9 (3) An art museum or institution shall not be deprived of an exemption under this section solely
10 because its primary source of funding is from one or more governmental entities.

11 (4) An institution shall not be deprived of an exemption under this section because its purpose
12 or the use of its property is not limited to relieving pain, alleviating disease or removing constraints.

13 **SECTION 13.** ORS 307.136 is amended to read:

14 307.136. Upon compliance with ORS 307.162, **except as provided in section 2 of this 2014 Act**,
15 the following property owned or being purchased by fraternal organizations shall be exempt from
16 taxation:

17 (1) All the real or personal property, or portion thereof, which is actually occupied or used in
18 fraternal or lodge work or for entertainment and recreational purposes by one or more fraternal
19 organizations, except that property or portions of property of a fraternal organization rented or
20 leased by it at any time to other persons for sums greater than reasonable expenses for heat, light,
21 water, janitorial services and supplies and facility repair and rehabilitation shall be subject to tax-
22 ation.

23 (2) Parking lots used for parking or any other use as long as that parking or other use is per-
24 mitted without charge for no fewer than 355 days during the tax year.

25 **SECTION 14.** ORS 307.140 is amended to read:

26 307.140. Upon compliance with ORS 307.162, **except as provided in section 2 of this 2014 Act**,
27 the following property owned or being purchased by religious organizations shall be exempt from
28 taxation:

29 (1) All houses of public worship and other additional buildings and property used solely for ad-
30 ministration, education, literary, benevolent, charitable, entertainment and recreational purposes by
31 religious organizations, the lots on which they are situated, and the pews, slips and furniture
32 therein. However, any part of any house of public worship or other additional buildings or property
33 which is kept or used as a store or shop or for any purpose other than those stated in this section
34 shall be assessed and taxed the same as other taxable property.

35 (2) Parking lots used for parking or any other use as long as that parking or other use is per-
36 mitted without charge for no fewer than 355 days during the tax year.

37 (3) Land and the buildings thereon held or used solely for cemetery or crematory purposes, in-
38 cluding any buildings solely used to store machinery or equipment used exclusively for maintenance
39 of such lands.

40 **SECTION 15.** ORS 307.145 is amended to read:

41 307.145. (1) If not otherwise exempt by law, upon compliance with ORS 307.162, **except as pro-**
42 **vided in section 2 of this 2014 Act**, the child care facilities, schools, academies and student hous-
43 ing accommodations, owned or being purchased by incorporated eleemosynary institutions or by
44 incorporated religious organizations, used exclusively by such institutions or organizations for or in
45 immediate connection with educational purposes, are exempt from taxation.

1 (2) Property described in subsection (1) of this section which is exclusively for or in the imme-
 2 diate connection with educational purposes shall continue to be exempt when leased to a political
 3 subdivision of the State of Oregon, or to another incorporated eleemosynary institution or incorpo-
 4 rated religious organization for an amount not to exceed the cost of repairs, maintenance and up-
 5 keep.

6 (3)(a) As used in this section, "child care facility" means a child care center certified by the
 7 Office of Child Care under ORS 329A.280 to provide educational child care.

8 (b) Before an exemption for a child care facility is allowed under this section, in addition to any
 9 other information required under ORS 307.162, the statement shall:

10 (A) Describe the property and declare or be accompanied by proof that the corporation is an
 11 eleemosynary institution or religious organization.

12 (B) Declare or be accompanied by proof that the office has issued the child care facility a cer-
 13 tification to provide educational child care.

14 (C) Be signed by the taxpayer subject to the penalties for false swearing.

15 **SECTION 16.** ORS 307.147 is amended to read:

16 307.147. (1) For purposes of this section:

17 (a) "Internal Revenue Code" means the federal Internal Revenue Code as amended and in effect
 18 on January 3, 2013.

19 (b) "Nonprofit corporation" means a corporation that:

20 (A) Is organized not for profit, pursuant to ORS chapter 65 or any predecessor of ORS chapter
 21 65; or

22 (B) Is organized and operated as described under section 501(c) of the Internal Revenue Code.

23 (c) "Senior services center" means property that:

24 (A) Is owned or being purchased by a nonprofit corporation;

25 (B) Is actually and exclusively used to provide services and activities (including parking) pri-
 26 marily to or for persons over 50 years of age;

27 (C) Is open generally to all persons over 50 years of age;

28 (D) Is not used primarily for fund-raising activities; and

29 (E) Is not a residential or dwelling place.

30 (2) Upon compliance with ORS 307.162, **except as provided in section 2 of this 2014 Act**, a
 31 senior services center is exempt from ad valorem property taxation.

32 **SECTION 17.** ORS 307.150 is amended to read:

33 307.150. (1) Notwithstanding ORS 307.022, upon compliance with ORS 307.162, **except as pro-**
 34 **vided in section 2 of this 2014 Act**, the following property is exempt from taxation:

35 (a) Burial grounds, tombs and rights of burial, and lands and buildings on the land, not exceed-
 36 ing 30 acres, used for the sole purpose of a crematory and burial place to incinerate remains.

37 (b) Lands used or held exclusively for cemetery purposes, not exceeding 600 acres.

38 (c) Burial lots or space for burial of incinerate remains in buildings or grounds used or held
 39 exclusively for burial purposes.

40 (d) Buildings on land described in paragraph (a) or (b) of this subsection that are used to store
 41 machinery or equipment used exclusively for maintenance of burial grounds.

42 (e) Personal property used exclusively for cemetery or crematory purposes.

43 (2) The statement required under ORS 307.162 shall be filed by the owner of the property de-
 44 scribed in subsection (1) of this section.

45 (3) **Except as provided in section 2 of this 2014 Act**, any property exclusively occupied and

1 used as a family burial ground is exempt from ad valorem taxation.

2 **SECTION 18.** ORS 307.175 is amended to read:

3 307.175. (1) As used in this section, “alternative energy system” means property consisting of
4 solar, geothermal, wind, water, fuel cell or methane gas energy systems for the purpose of heating,
5 cooling or generating electricity.

6 (2) **Except as provided in section 2 of this 2014 Act**, an alternative energy system is exempt
7 from ad valorem property taxation if the system is:

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

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

10 (3) Notwithstanding ORS 307.110 and 308.505 to 308.665, **except as provided in section 2 of**
11 **this 2014 Act**, any portion of the real property to which an alternative energy system is affixed is
12 exempt under this section if:

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

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

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

19 **SECTION 19.** ORS 307.195 is amended to read:

20 307.195. **Except as provided in section 2 of this 2014 Act**, all furniture, goods and furnishings
21 owned by or situated in and used solely by a fraternity, sorority, student housing cooperative or
22 student living organization is exempt from taxation if such fraternity, sorority, student housing co-
23 operative or student living organization furnishes living quarters for students attending institutions
24 of higher education and is not conducted for profit.

25 **SECTION 20.** ORS 307.205 is amended to read:

26 307.205. (1) **Except as provided in section 2 of this 2014 Act**, real property owned by a rail-
27 road and that, on January 1, is temporarily being put to a public alternate transportation use with
28 the permission of the railroad is exempt from taxation so long as the property is put exclusively to
29 the public alternate transportation use.

30 (2) On or before April 1 of each year, any railroad claiming an exemption under subsection (1)
31 of this section shall file a written statement with the county assessor of the county in which the
32 property is located setting out the basis of the claim and the property to which the claim is made.
33 If the statement is not filed within the time specified, the exemption shall not be allowed for that
34 year. However, if the property qualifies for exemption after March 1 and before July 1, the claim
35 may be filed within 30 days after the property becomes qualified for exemption.

36 **SECTION 21.** ORS 307.210 is amended to read:

37 307.210. (1) After the county assessor has approved an application for exemption filed under this
38 section, **except as provided in section 2 of this 2014 Act**, all property consisting of land, im-
39 provements, fixtures, equipment or supplies, including dams and dikes, owned by any association of
40 persons, wholly mutual or cooperative in character, whether incorporated or unincorporated, used
41 primarily in storing, conveying and distributing water to the members of such association for do-
42 mestic use or irrigation, where such association has no other business or purpose and its operations
43 are conducted without profit in money, is exempt from taxation.

44 (2) The property described in subsection (1) of this section shall not be exempt if either of the
45 following conditions existed in the 12-month period prior to the January 1 assessment date:

1 (a) More than 15 percent of the members of the association were a commercial establishment
2 or establishments that used any of the water for commercial purposes.

3 (b) More than 25 percent of the total annual volume of water furnished by the association was
4 used by a commercial establishment or establishments for commercial purposes.

5 (3) For the purpose of this section service to the government of this state, the government of
6 the United States, or any subdivision, agency or instrumentality, corporate or otherwise, of either
7 of them, shall not be construed as a commercial purpose.

8 (4)(a) An association seeking to claim an exemption under this section shall file an application
9 with the county assessor on or before April 1 preceding the tax year for which the exemption is
10 being claimed.

11 (b) An application is not required under this section if the property of the association was ex-
12 empt under this section for the previous tax year and, as of the assessment date for the current tax
13 year, the ownership or use of all of the property that was the subject of the application remains
14 unchanged.

15 (5) The application shall be on such form and shall contain such information as the Department
16 of Revenue shall prescribe.

17 (6) The county assessor shall approve or disapprove an application filed under this section and
18 shall notify the applicant of the assessor's determination.

19 **SECTION 22.** ORS 307.220 is amended to read:

20 307.220. After the Department of Revenue has taken the action required by ORS 307.240, **except**
21 **as provided in section 2 of this 2014 Act**, all property consisting of improvements, fixtures,
22 equipment and supplies, owned by any association of persons, wholly mutual or cooperative in
23 character, whether incorporated or unincorporated, used exclusively in the construction, mainte-
24 nance and operation of a telephonic communication system for the benefit of the members of such
25 association, where such association has no other business or purpose and the operation of such
26 system is conducted without intent to produce profit in money and without the ownership, operation
27 or lease of telephonic switchboard exchange facilities, or direct or indirect ownership of stock in
28 any telephonic switchboard association, partnership or corporation, shall be exempt from taxation.
29 This exemption shall not apply to any parcel of land or building owned by any such association,
30 which land or building shall be assessed and apportioned by the Department of Revenue in accord-
31 ance with existing law. This exemption shall not apply to any system having a real market value in
32 excess of \$2,500.

33 **SECTION 23.** ORS 307.230 is amended to read:

34 307.230. After the Department of Revenue has taken the action required by ORS 307.240, **except**
35 **as provided in section 2 of this 2014 Act**, all property consisting of improvements, fixtures,
36 equipment and supplies, owned by any person not engaged in public service operation, used exclu-
37 sively in the construction, maintenance and operation of a telephone communication system serving
38 exclusively property owned or operated by such person, shall be exempt from taxation. This ex-
39 emption shall not apply to any such system having a real market value in excess of \$1,500.

40 **SECTION 24.** ORS 307.242 is amended to read:

41 307.242. (1) Upon compliance with this section, whenever a corporation, as described in ORS
42 307.375, is receiving or has received any federal or state financial assistance, such as a loan, mort-
43 gage insurance, aid to construction, rent supplement or otherwise, under the following federal or
44 state laws, **except as provided in section 2 of this 2014 Act**, the property owned or being pur-
45 chased by that corporation in actual use for corporate purposes or in the process of construction

1 for use for corporate purposes on January 1 of the assessment year is exempt from ad valorem
2 taxation:

3 (a) Section 202 of Title II of the National Housing Act (12 U.S.C. 1701q).

4 (b) Section 236 of the National Housing Act (12 U.S.C. 1715z-1).

5 (c) Section 231 of Title II of the National Housing Act (12 U.S.C. 1715v).

6 (d) Section 101 of Title I of the National Housing Act (12 U.S.C. 1701s) or section 8 of Title II
7 of the National Housing Act (42 U.S.C. 1437f), providing rent supplement or housing assistance
8 payments.

9 (e) ORS 456.515 to 456.725 and 458.505 to 458.515.

10 (2) A corporation claiming the exemption under subsection (1) of this section shall file with the
11 county assessor, on forms prescribed by the Department of Revenue and supplied by the assessor,
12 a written claim therefor in duplicate on or before April 1 of each assessment year for which the
13 exemption is claimed. If the claim for any year is not filed within the time specified, the exemption
14 may not be allowed on the assessment roll for that year. In addition to any other matters prescribed
15 by the Department of Revenue to be contained in or accompany the claim, the claim shall:

16 (a) Declare or be accompanied by a declaration that the corporation meets the requirements of
17 ORS 307.375 and that the property meets the requirements of ORS 307.243 (1);

18 (b) Describe or be accompanied by a description of the federal financial assistance the corpo-
19 ration is receiving or has received;

20 (c) Contain or be accompanied by a statement showing in detail the sources and amounts of all
21 income received by the corporation and the basis for rental amounts charged for occupancy of the
22 facilities; and

23 (d) Be signed by the taxpayer subject to the penalties for false swearing.

24 (3) Notwithstanding subsection (2) of this section:

25 (a) If the property qualifies for exemption on or after March 1 and before July 1, the claim may
26 be filed within 30 days after the date of qualification.

27 (b) A statement may be filed under this section at any time prior to September 15 of the as-
28 sessment year for which exemption is first desired. However, any statement filed after the time for
29 filing the statement specified in subsection (2) of this section, unless filed under paragraph (a) of this
30 subsection, must be accompanied by a late filing fee of the greater of \$200 or one-tenth of one per-
31 cent of the real market value of the property to which the statement pertains, as determined as of
32 January 1 of the assessment year by the assessor for this purpose. If the statement is not accom-
33 panied by the late filing fee or if the late filing fee is not otherwise paid, no exemption shall be al-
34 lowed for the year based upon a statement filed pursuant to this subsection. A statement may be
35 filed under this section notwithstanding that there are no grounds for hardship as required for late
36 filing under ORS 307.475. The value of the property used to determine the late filing fee under this
37 section is appealable in the same manner as other acts of the county assessor. Any filing fee col-
38 lected under this section shall be deposited to the county general fund to be made available for
39 county general governmental expenses.

40 (4) The assessor shall act upon the claim and shall approve or reject it, noting the action of the
41 assessor upon both the original and the duplicate copies. The duplicate copy therefor shall be re-
42 turned to the claimant.

43 (5) The Department of Revenue shall furnish to a county assessor, upon the request of the
44 county assessor, a statement certifying the qualification or nonqualification of a corporation under
45 ORS 307.375 and this section based upon the corporation's claim under this section.

1 (6) Residents of a facility of a corporation exempt from taxation under this section are not en-
 2 titled to the tax benefits of ORS 307.370 to 307.385.

3 **SECTION 25.** ORS 307.250 is amended to read:

4 307.250. (1) As used in this section and ORS 307.260, 307.262 and 307.270, “veteran” has the
 5 meaning given that term in ORS 408.225.

6 (2) Upon compliance with ORS 307.260, **except as provided in section 2 of this 2014 Act**, there
 7 shall be exempt from taxation not to exceed \$15,000 of the assessed value of the homestead or per-
 8 sonal property of any of the following residents of this state other than those described in subsection
 9 (3) of this section:

10 (a) Any veteran who is officially certified by the United States Department of Veterans Affairs
 11 or any branch of the Armed Forces of the United States as having disabilities of 40 percent or more.

12 (b) Any veteran having served with the United States Armed Forces who, as certified by one
 13 duly licensed physician, is rated as having disabilities of 40 percent or more. However, a veteran
 14 shall be entitled to the exemption granted under this paragraph only if the veteran during the cal-
 15 endar year immediately preceding the assessment year for which the exemption is claimed had total
 16 gross income, including pensions, disability compensation or retirement pay, or any combination of
 17 such payments from the United States Government on account of such service, of not more than 185
 18 percent of federal poverty guidelines.

19 (c) The surviving spouse remaining unmarried of a veteran, but the exemption shall apply only
 20 to the period preceding the date of the first remarriage of the surviving spouse.

21 (3) Upon compliance with ORS 307.260, **except as provided in section 2 of this 2014 Act**, there
 22 shall be exempt from taxation not to exceed \$18,000 of the assessed value of the homestead or per-
 23 sonal property of any of the following residents of this state:

24 (a) Any veteran who is officially certified by the United States Department of Veterans Affairs
 25 or any branch of the Armed Forces of the United States as having service-connected disabilities of
 26 40 percent or more.

27 (b) The surviving spouse remaining unmarried of a veteran, if the veteran died as a result of
 28 service-connected injury or illness or if the veteran received at least one year of the maximum ex-
 29 emption from taxation allowed under paragraph (a) of this subsection after 1981 for a veteran cer-
 30 tified as having service-connected disabilities of 40 percent or more.

31 (4) The amount of the exemption allowed under subsection (2) or (3) of this section shall equal
 32 103 percent of the amount of the exemption for the prior tax year.

33 **SECTION 26.** ORS 307.286 is amended to read:

34 307.286. (1) Upon compliance with ORS 307.289, **except as provided in section 2 of this 2014**
 35 **Act**, there shall be exempt from taxation up to \$60,000 of the assessed value of the homestead of
 36 any resident of this state who is:

37 (a) Serving in the Oregon National Guard, military reserve forces or organized militia of any
 38 other state or territory of the United States; and

39 (b) Performing service:

40 (A) Under Title 10 of the United States Code or pursuant to a deployment made under the au-
 41 thority of the Emergency Management Assistance Compact; and

42 (B) For more than 178 consecutive days, if at least one of the days falls within the tax year for
 43 which the exemption is claimed.

44 (2) For each tax year beginning on or after July 1, 2006, the amount of the exemption allowed
 45 under subsection (1) of this section shall equal 103 percent of the amount of the exemption for the

1 prior tax year.

2 (3) As used in this section, "homestead" means residential property that is owned by a person
 3 described in subsection (1) of this section and that, but for military service, would be occupied as
 4 a residence by the person.

5 **SECTION 27.** ORS 307.315 is amended to read:

6 307.315. **Except as provided in section 2 of this 2014 Act**, nursery stock, as defined in ORS
 7 571.005 (5), whether bare root, or whether balled or heeled or growing in containers in or upon the
 8 ground, is exempt from ad valorem taxation in the hands of the grower or wholesalers.

9 **SECTION 28.** ORS 307.320 is amended to read:

10 307.320. **Except as provided in section 2 of this 2014 Act**, the value of any deciduous trees,
 11 shrubs, plants or crops, whether annual or perennial, and any cultured Christmas trees, as defined
 12 in ORS 215.203, or timber described under ORS 321.267 (3) or 321.824 (3), growing upon agricultural
 13 land devoted to agricultural purposes, shall be exempt from assessment and taxation and shall not
 14 be deemed real property under the provisions of ORS 307.010.

15 **SECTION 29.** ORS 307.325 is amended to read:

16 307.325. (1) **Except as provided in section 2 of this 2014 Act**, the items of personal property
 17 described in subsection (2) of this section which, on the assessment date, are owned and in the ac-
 18 tual or constructive possession of the farmer who produced them or who has procured them for use
 19 or consumption in the farm operations of the farmer, shall be exempt from taxation.

20 (2) The items referred to in subsection (1) of this section are as follows:

- 21 (a) Grain.
- 22 (b) Seed.
- 23 (c) Hay.
- 24 (d) Fruit.
- 25 (e) Vegetables.
- 26 (f) Nuts.
- 27 (g) Hops.
- 28 (h) Wool.
- 29 (i) Fish.
- 30 (j) Poultry.
- 31 (k) Butter, cheese and evaporated, condensed or concentrated milk.
- 32 (L) Mint.
- 33 (m) Bivalve mollusks.
- 34 (n) Livestock.
- 35 (o) Fur-bearing animals.
- 36 (p) Bees.
- 37 (q) Vermiculture supplies and products.

38 **SECTION 30.** ORS 307.330 is amended to read:

39 307.330. (1) Except for property centrally assessed by the Department of Revenue **and except**
 40 **as provided in section 2 of this 2014 Act**, each new building or structure or addition to an existing
 41 building or structure is exempt from taxation for each assessment year of not more than two con-
 42 secutive years if the building, structure or addition:

- 43 (a) Is in the process of construction on January 1;
- 44 (b) Is not in use or occupancy on January 1;
- 45 (c) Has not been in use or occupancy at any time prior to such January 1 date;

1 (d) Is being constructed in furtherance of the production of income; and

2 (e) Is, in the case of nonmanufacturing facilities, to be first used or occupied not less than one
 3 year from the time construction commences. Construction shall not be deemed to have commenced
 4 until after demolition, if any, is completed.

5 (2) If the property otherwise qualifies for exemption under this section and ORS 307.340, the
 6 exemption shall likewise apply to any machinery or equipment located at the construction site which
 7 is or will be installed in or affixed to such building, structure or addition.

8 **SECTION 31.** ORS 307.370 is amended to read:

9 307.370. (1) In aid of veterans tax exemptions, subject to the conditions prescribed in ORS
 10 307.370 to 307.385 and 308.490, **except as provided in section 2 of this 2014 Act**, there shall be
 11 exempt from taxation the personal property and a portion of the real property computed as provided
 12 in ORS 307.380, owned or being purchased under a contract by a corporation described in ORS
 13 307.375 which is actually and exclusively occupied and used in the operation of a nonprofit home for
 14 elderly persons.

15 (2) For the purposes of subsection (1) of this section, a corporation which is described in ORS
 16 307.375 which has only a leasehold interest in a nonprofit home for elderly persons operated by it
 17 is deemed to be a purchaser of the property if the operating lessee is specifically obligated by its
 18 contract of lease to pay the ad valorem taxes on the real and personal property used in the opera-
 19 tion of the home.

20 **SECTION 32.** ORS 307.390 is amended to read:

21 307.390. **Except as provided in section 2 of this 2014 Act**, mobile field incinerators owned by
 22 farmers or by groups of farmers that are exclusively used for sanitizing grass seed fields by means
 23 other than open field burning shall be exempt from taxation if they are purchased within five years
 24 after they are certified as a feasible alternative to open field burnings by the Department of Envi-
 25 ronmental Quality pursuant to ORS 468A.555 to 468A.620 and 468A.992.

26 **SECTION 33.** ORS 307.391 is amended to read:

27 307.391. **Except as provided in section 2 of this 2014 Act**, radio communications equipment,
 28 meteorological equipment or other tangible personal property used in connection with the operation
 29 of the field burning smoke management program established under ORS 468A.555 to 468A.620 and
 30 468A.992 is exempt from ad valorem property taxation.

31 **SECTION 34.** ORS 307.394 is amended to read:

32 307.394. (1) **Except as provided in section 2 of this 2014 Act**, the following tangible personal
 33 property is exempt from ad valorem property taxation:

34 (a) Farm machinery and equipment used primarily in the preparation of land, planting, raising,
 35 cultivating, irrigating, harvesting or placing in storage of farm crops;

36 (b) Farm machinery and equipment used primarily for the purpose of feeding, breeding, man-
 37 agement and sale of, or the produce of, livestock, poultry, fur-bearing animals or bees or for dairying
 38 and the sale of dairy products;

39 (c) Machinery and equipment used primarily to implement a remediation plan as defined in ORS
 40 308A.053 for the period of time for which the remediation plan is certified; or

41 (d) Farm machinery and equipment used primarily in any other agricultural or horticultural use
 42 or animal husbandry or any combination of these activities.

43 (2)(a) **Except as provided in section 2 of this 2014 Act**, items of tangible personal property,
 44 including but not limited to tools, machinery and equipment that are used predominantly in the
 45 construction, reconstruction, maintenance, repair, support or operation of farm machinery, and

1 equipment and other real or personal farm improvements that are used primarily in animal
 2 husbandry, agricultural or horticultural activities, or any combination of these activities, are exempt
 3 from ad valorem property taxation.

4 (b) An item of tangible personal property described in paragraph (a) of this subsection is exempt
 5 from ad valorem property taxation only if the person that owns, possesses or controls the item also:

6 (A) Owns, possesses or controls the farm machinery, equipment and other real and personal farm
 7 improvements for which the item is used; and

8 (B) Carries on the animal husbandry, agricultural or horticultural activity, or combination of
 9 activities, in which the farm machinery, equipment or other real and personal farm improvements
 10 are used.

11 **SECTION 35.** ORS 307.397 is amended to read:

12 307.397. (1) **Except as provided in section 2 of this 2014 Act**, the following items of real
 13 property machinery and equipment or tangible personal property are exempt from ad valorem prop-
 14 erty taxation:

15 (a) Frost control systems used in agricultural or horticultural activities carried on by the
 16 farmer;

17 (b) Trellises used for hops, beans or fruit or for other agricultural or horticultural purposes;

18 (c) Hop harvesting equipment, including but not limited to hop pickers;

19 (d) Oyster racks, trays, stakes and other in-water structures used to raise bivalve mollusks; or

20 (e) Equipment used for the fresh shell egg industry that is directly related and reasonably nec-
 21 cessary to produce, prepare, package and ship fresh shell eggs from the place of origin to market,
 22 whether bolted to the floor, wired or plumbed to interconnected equipment, including but not limited
 23 to grain bins, conveyors for transporting grain, grain grinding machinery, feed storage hoppers,
 24 cages, egg collection conveyors and equipment for washing, drying, candling, grading, packaging and
 25 shipping fresh shell eggs.

26 (2) **Except as provided in section 2 of this 2014 Act**, a real property building, structure or
 27 improvement is exempt from ad valorem property taxation if it:

28 (a) Is used primarily to grow plants for agricultural or horticultural production;

29 (b) Is covered with polyethylene, fiberglass, corrugated polycarbonate acrylic or any other
 30 transparent or translucent material designed primarily to allow passage of solar heat and light; and

31 (c) Does not have a permanent heat source other than radiant heating provided by direct sun-
 32 light.

33 **SECTION 36.** ORS 307.398 is amended to read:

34 307.398. (1) **Except as provided in section 2 of this 2014 Act**, center pivots, wheel lines or
 35 movable set lines are exempt from ad valorem property taxation.

36 (2) As used in this section:

37 (a) "Center pivot" means a piece of self-propelled machinery that rotates around a riser for the
 38 purpose of sprinkling a circular tract of land. "Center pivot" includes all of the component parts
 39 of the center pivot irrigation system that are ordinarily located above the ground on the land to be
 40 irrigated and that can be disconnected from the riser and moved to another point. A center pivot
 41 constitutes personal property.

42 (b) "Center pivot irrigation system" means an irrigation system that uses pumping stations and
 43 pipelines to convey water from its source to a riser to which a center pivot may be connected and
 44 used for sprinkling.

45 (c) "Riser" means a pipe located in the field to be irrigated that rises vertically through the

1 surface of the ground.

2 **SECTION 37.** ORS 307.400 is amended to read:

3 307.400. **Except as provided in section 2 of this 2014 Act**, items of tangible personal property
 4 consisting of inventory, including but not limited to materials, supplies, containers, goods in process,
 5 finished goods and other personal property owned by or in possession of the taxpayer, that are or
 6 will become part of the stock in trade of the taxpayer held for sale in the ordinary course of busi-
 7 ness, are exempt from ad valorem property taxation.

8 **SECTION 38.** ORS 307.402 is amended to read:

9 307.402. **Except as provided in section 2 of this 2014 Act**, any beverage container having a
 10 refund value as required under ORS 459A.700 to 459A.740 is exempt from ad valorem taxation.

11 **SECTION 39.** ORS 307.455 is amended to read:

12 307.455. (1) As used in this section and ORS 307.457:

13 (a) "Assessor" means the county assessor, or the Department of Revenue if under ORS 306.126
 14 the department is responsible for appraisal of the facility at which the qualified machinery and
 15 equipment is located.

16 (b) "Food processor":

17 (A) Means a person engaged in the business of freezing, canning, dehydrating, concentrating,
 18 preserving, processing or repacking for human consumption raw or fresh fruit, vegetables, nuts,
 19 legumes or seafood in any procedure that occurs prior to the point of first sale by the processor.

20 (B) Does not include persons engaged in the business of producing alcoholic beverages.

21 (c) "Integrated processing line" does not include forklifts, trucks or other rolling stock used to
 22 transport material to or from a point of manufacture or assembly.

23 (d) "Qualified machinery and equipment" means property, whether new or used, that is newly
 24 acquired by a food processor and placed into service prior to January 1 preceding the first tax year
 25 for which an exemption under this section is sought, and that consists of:

26 (A) Real property machinery and equipment that is used by a food processor in the primary
 27 processing of raw or fresh fruit, vegetables, nuts, legumes or seafood; or

28 (B) Personal property machinery and equipment that is used in an integrated processing line for
 29 the primary processing of raw or fresh fruit, vegetables, nuts, legumes or seafood.

30 (2)(a) On or before March 1 preceding the first tax year for which property is to be exempt from
 31 taxation under this section, a food processor seeking an exemption under this section shall apply to
 32 the assessor for exemption. The application shall be on a form prescribed by the Department of
 33 Revenue and shall include any information required by the department, including a schedule of the
 34 qualified machinery and equipment for which certification is sought.

35 (b) Notwithstanding paragraph (a) of this subsection, the assessor may approve an application
 36 that is filed after March 1, and on or before December 31 of the assessment year, if the statement
 37 is accompanied by a late filing fee of the greater of \$200 or one-tenth of one percent of the real
 38 market value of the property that is the subject of the application.

39 (c) The assessor shall review the application and, if the machinery and equipment that is the
 40 subject of the application constitutes qualified machinery and equipment certified by the State De-
 41 partment of Agriculture under ORS 307.457, shall approve the application and, **except as provided**
 42 **in section 2 of this 2014 Act**, exempt the qualified machinery and equipment.

43 (d) If any of the machinery and equipment that is the subject of the application does not con-
 44 stitute qualified machinery and equipment certified by the State Department of Agriculture under
 45 ORS 307.457, the assessor shall exclude the nonqualified machinery and equipment from the appli-

1 cation.

2 (3) Qualified machinery and equipment for which an application has been approved under sub-
 3 section (2) of this section shall be exempt for the tax year for which the application was approved
 4 and for the next four succeeding tax years, if as of the assessment date for each year the property
 5 constitutes qualified machinery and equipment.

6 (4) The duration of the exemption under subsection (3) of this section may not be extended as
 7 the result of the value of changes to qualified machinery and equipment that are attributable to
 8 rehabilitation, reconditioning or ongoing maintenance or repair.

9 **SECTION 40.** ORS 307.471 is amended to read:

10 307.471. (1)(a) Upon compliance with subsection (2) of this section, student housing shall be ex-
 11 empt from all ad valorem property taxes levied by [*a school district,*] a county education bond dis-
 12 trict, [*an education service district,*] a community college service district or a community college
 13 district.

14 (b) As used in this subsection, “student housing” means housing that is:

15 (A) Rented exclusively to students of any educational institution, public or private, that offers
 16 at least a two-year program acceptable for full credit toward a baccalaureate degree;

17 (B) Rented upon a nondiscriminatory basis, without regard to race, creed, color or national or-
 18 igin;

19 (C) Owned by a nonprofit corporation having articles of incorporation that provide that on dis-
 20 solution or liquidation, the right, title and interest of the corporation in and to all accommodations
 21 and facilities with respect to which exemption is sought will be conveyed to the educational insti-
 22 tution or institutions whose students are served by the housing, and all its other remaining assets
 23 will be conveyed to one or more organizations exempt from federal income tax under section
 24 501(c)(3) of the Internal Revenue Code;

25 (D) Owned by a nonprofit corporation that has made legally enforceable arrangements to convey
 26 its interest in any property with respect to which exemption is claimed to the educational institution
 27 or institutions whose students are served by the housing upon final payment of the mortgage
 28 indebtedness incurred in connection with the construction or acquisition of the housing; and

29 (E) Regulated by federal or state law in regard to rents, charges, development costs and methods
 30 of operation. The renting of the property for safekeeping purposes during the summer months shall
 31 not disqualify the property from the exemption granted by this section.

32 (2)(a) Except as provided in paragraph (b) of this subsection, the nonprofit corporation shall
 33 apply to the assessor for the exemption on or before April 1 of the assessment year for which the
 34 exemption is claimed on forms prescribed by the Department of Revenue. The exemption claim shall
 35 include a certification by the university, college or community college attended by a majority of the
 36 student occupants that the property is being used for student housing during the current school
 37 year. Once an exemption has been granted, the exemption shall continue in effect, without reap-
 38 plication, until the property fails to meet the qualifications of subsection (1) of this section as ex-
 39 empt student housing.

40 (b) If the property designated in the claim for exemption under paragraph (a) of this subsection
 41 is acquired after March 1 and before July 1, or if there is a change in use of the property qualifying
 42 the property for exemption under this section after March 1 and before July 1, the initial claim for
 43 exemption shall be filed within 30 days from the date of acquisition or change of use of the property.

44 (3) When, for any reason, the property or any portion thereof ceases to meet the qualifications
 45 of subsection (1) of this section, the owner at the time of the change shall notify the assessor of such

1 change prior to the next January 1, or within 60 days after the date of disqualification, whichever
 2 is the earlier.

3 (4) When property that has received special exemption as student housing under subsection (1)
 4 of this section thereafter becomes disqualified for such exemption, and the notice required by sub-
 5 section (3) of this section is not given, the assessor shall determine the date that the notice should
 6 have been given, shall notify the owner thereof and notwithstanding ORS 311.235, there shall be
 7 added to the tax extended against the property on the next general property tax roll, to be collected
 8 and distributed in the same manner as the remainder of the real property tax, an amount equal to
 9 the sum of the following:

10 (a) The total amount by which taxes assessed against the property would have been increased
 11 if it had been subject to tax without regard to subsection (1) of this section during the tax year for
 12 which the notice should have been given and each tax year thereafter together with the interest
 13 which would have accrued had the taxes been properly assessed and the exemption not been granted
 14 in the applicable years; and

15 (b) A penalty equal to 20 percent of the amount specified in paragraph (a) of this subsection,
 16 however, no penalty shall be imposed on any amount attributable to interest.

17 (5) A fraternity, sorority or cooperative housing organization, or an associated alumni nonprofit
 18 corporation organized exclusively for the purpose of owning property housing the fraternity, sorority
 19 or cooperative housing organization and providing related financial and operational support, may
 20 qualify for the exemption provided by subsection (1) of this section if the requirements of subsection
 21 (1)(b)(A) and (B) of this section are met, provided that any of its housing accommodations not oc-
 22 cupied by members of the organization shall be open to occupancy by students who are not members
 23 of or affiliated with the organization, on a nondiscriminatory basis, without regard to race, creed,
 24 color or national origin, under rules or conditions set by the school.

25 (6) Additional taxes collected under this section shall be deemed to have been imposed in the
 26 year to which the additional taxes relate.

27 **SECTION 41.** ORS 307.485 is amended to read:

28 307.485. Subject to ORS 307.490 and 307.495, **except as provided in section 2 of this 2014 Act,**
 29 there shall be exempt from taxation the assessed value of all real and personal property of an eli-
 30 gible farm labor camp, or an eligible child care facility.

31 **SECTION 42.** ORS 307.517 is amended to read:

32 307.517. (1) **Except as provided in section 2 of this 2014 Act,** property or a portion of the
 33 property that meets the following criteria shall be exempt from taxation as provided in ORS 307.515
 34 to 307.523:

35 (a) The property:

36 (A) Is offered for rent; or

37 (B) Is held for the purpose of developing low income rental housing.

38 (b) The property, if occupied, is occupied solely by low income persons.

39 (c) The required rent payment reflects the full value of the property tax exemption.

40 (d) The exemption has been approved as provided in ORS 307.523.

41 (e) The housing units on the property were constructed after the local governing body adopted
 42 the provisions of ORS 307.515 to 307.523.

43 (2) For the purposes of subsection (1) of this section, a person that has only a leasehold interest
 44 in property is deemed to be a purchaser of that property if:

45 (a) The person is obligated under the terms of the lease to pay the ad valorem taxes on the real

1 and personal property used in this activity on that property; or

2 (b) The rent payable has been established to reflect the savings resulting from the exemption
3 from taxation.

4 **SECTION 43.** ORS 307.518 is amended to read:

5 307.518. (1) **Except as provided in section 2 of this 2014 Act**, property or a portion of property
6 that meets all of the following criteria is exempt from taxation as provided under ORS 307.515 to
7 307.523:

8 (a) If unoccupied, the property:

9 (A) Is offered for rental solely as a residence for low income persons; or

10 (B) Is held for the purpose of developing low income rental housing.

11 (b) If occupied, the property is occupied solely as a residence for low income persons.

12 (c) An exemption for the property has been approved as provided under ORS 307.523, pursuant
13 to an application filed before January 1, 2020.

14 (d) The property is owned or being purchased by a nonprofit corporation organized in a manner
15 that meets the criteria for a public benefit corporation or a religious corporation, both as defined
16 in ORS 65.001.

17 (e) The property is owned or being purchased by a nonprofit corporation that expends no more
18 than 10 percent of the nonprofit corporation's annual income from residential rentals for purposes
19 other than the acquisition, maintenance or repair of residential rental property for low income per-
20 sons or for the provision of on-site child care services for the residents of the rental property.

21 (2) For the purposes of this section, a nonprofit corporation that has only a leasehold interest
22 in property is considered to be a purchaser of that property if:

23 (a) The nonprofit corporation is obligated under the terms of the lease to pay the ad valorem
24 taxes on the real and personal property used in the rental activity on that property; or

25 (b) The rent payable has been established to reflect the savings resulting from the exemption
26 from taxation.

27 (3) A partnership shall be considered a nonprofit corporation for purposes of this section if:

28 (a) A nonprofit corporation is a general partner of the partnership; and

29 (b) The nonprofit corporation is responsible for the day-to-day operation of the property that is
30 the subject of the exemption under ORS 307.515 to 307.523.

31 **SECTION 44.** ORS 307.543 is amended to read:

32 307.543. (1) Except as provided in subsection (2) of this section, the exemption provided by ORS
33 307.541 only applies to the tax levy of a governing body that adopts the provisions of ORS 307.540
34 to 307.548.

35 (2) The exemption provided by ORS 307.541 shall apply to the tax levy of all taxing districts in
36 which property certified for exemption is located, **other than school districts as defined in ORS**
37 **330.005 and education service districts created under ORS 334.010**, when, upon request of a
38 governing body that has adopted the provisions of ORS 307.540 to 307.548, the rates of taxation of
39 [such] taxing districts, **other than school districts and education service districts**, whose gov-
40 erning boards agree to the policy of exemption under ORS 307.540 to 307.548, when combined with
41 the rate of taxation of the governing body that adopts the provisions of ORS 307.540 to 307.548,
42 equal 51 percent or more of the total combined rate of taxation on the property certified for limited
43 assessment.

44 **SECTION 45.** ORS 307.580 is amended to read:

45 307.580. (1) If not otherwise exempt by law and upon compliance with ORS 307.162, **except as**

1 **provided in section 2 of this 2014 Act**, all real and personal property or proportion thereof owned
2 or being purchased by an industry apprenticeship or training trust is exempt from property taxation
3 if:

4 (a) The trust is organized pursuant to a trust instrument solely for the purpose of aiding or as-
5 sisting in the implementation or operation of one or more apprenticeship or training programs that
6 conform to and are conducted under ORS 660.002 to 660.210;

7 (b) The property or proportion thereof that is the subject of the exemption is actually and ex-
8 clusively occupied and used in the implementation or operation of an apprenticeship or training
9 program or programs that are established under, conform to and are conducted under ORS 660.002
10 to 660.210; and

11 (c) The trust is considered an organization exempt from federal income taxes under the federal
12 Internal Revenue Code or other laws of the United States relating to federal income taxes.

13 (2) If property described under subsection (1) of this section would be exempt from taxation ex-
14 cept that it is held under lease or lease-purchase agreement by the trust rather than owned or being
15 purchased by it, **except as provided in section 2 of this 2014 Act**, the property shall be exempt
16 from taxation upon compliance with and subject to ORS 307.112.

17 (3) No exemption shall be allowed under subsection (1) or (2) of this section if the property is
18 used in the implementation or operation of an apprenticeship or training program that discriminates
19 with respect to its participants on the basis of age, race, religion, sex or national origin.

20 **SECTION 46.** ORS 307.606 is amended to read:

21 307.606. (1) ORS 307.600 to 307.637 apply to multiple-unit housing preserved, constructed, estab-
22 lished, added to or converted in cities or counties that adopt, after a public hearing and determi-
23 nation pursuant to subsection (3) of this section, by resolution or ordinance, the provisions of ORS
24 307.600 to 307.637. The tax exemption provided by ORS 307.600 to 307.637 only applies to the tax
25 levy of a city or county that adopts the provisions of ORS 307.600 to 307.637, except that the tax
26 exemption shall apply to the ad valorem property taxes of all taxing districts, **other than school**
27 **districts as defined in ORS 330.005 and education service districts created under ORS 334.010**,
28 when upon request of the city or county that has adopted the provisions of ORS 307.600 to 307.637,
29 the rates of ad valorem taxation of taxing districts, **other than school districts and education**
30 **service districts**, whose governing boards agree by resolution to the policy of providing tax ex-
31 emptions for multiple-unit housing as provided in ORS 307.600 to 307.637, when combined with the
32 rate of taxation of the city or county that adopts the provisions of ORS 307.600 to 307.637, equal
33 51 percent or more of the total combined rate of taxation levied on the property which is tax exempt
34 under ORS 307.600 to 307.637.

35 (2) The city or county shall designate an area within which it proposes to allow exemptions
36 provided for under the provisions of ORS 307.600 to 307.637. Core areas, light rail station areas or
37 transit oriented areas may be designated by a city. A city may designate the entire city as the area
38 in which the city proposes to allow exemptions under ORS 307.600 to 307.637 for housing that is or
39 becomes subject to a low income housing assistance contract with an agency or subdivision of this
40 state or the United States. A county may designate areas as light rail station areas or transit ori-
41 ented areas but may not designate areas as core areas. A county may designate the entire county
42 as the area in which the county proposes to allow exemptions under ORS 307.600 to 307.637 for
43 housing that is or becomes subject to a low income housing assistance contract with an agency or
44 subdivision of this state or the United States. A city or county from time to time may, by amending
45 its resolution or ordinance, add or withdraw territory from the area originally designated as a light

1 rail station area or a transit oriented area, but any area added must be within the boundaries of the
 2 area as limited by ORS 307.603 (3) or (6).

3 (3) The city or county shall, prior to passage of a resolution or ordinance electing to utilize the
 4 provisions of ORS 307.600 to 307.637, hold a public hearing in order to determine whether multiple-
 5 unit housing meeting the qualifications of subsection (4) of this section would not otherwise be built
 6 in the designated area or preserved without the benefits provided by ORS 307.600 to 307.637.

7 (4) Prior to accepting project applications under ORS 307.600 to 307.637, cities or counties shall
 8 promulgate standards and guidelines to be utilized in considering applications and making the de-
 9 terminations required by ORS 307.618. The standards and guidelines shall establish policy governing
 10 basic requirements for an application, including but not limited to:

11 (a) Existing utilization of proposed project site, including justification of the elimination of any
 12 existing sound or rehabilitable housing.

13 (b) Design elements.

14 (c) Rental rates or sales prices.

15 (d) Extensions of public benefits from the project beyond the period of the exemption.

16 (e) Minimum number of units.

17 (f) For housing that is or becomes subject to a low income housing assistance contract with an
 18 agency or subdivision of this state or the United States, a demonstration that the exemption is
 19 necessary to preserve or establish the low income units.

20 (g) For housing that is to become subject to a low income housing assistance contract with an
 21 agency or subdivision of this state or the United States, the date on which the housing must be es-
 22 tablished in order to be exempt under ORS 307.600 to 307.637.

23 **SECTION 47.** ORS 307.657 is amended to read:

24 307.657. (1) ORS 307.651 to 307.687 apply to single-unit housing located within the jurisdiction
 25 of a governing body that adopts, by resolution or ordinance, ORS 307.651 to 307.687. Except as
 26 provided in subsection (2) of this section, the exemption provided by ORS 307.651 to 307.687 applies
 27 only to the tax levy of a governing body that adopts ORS 307.651 to 307.687.

28 (2)(a) Except as provided in paragraph (b) of this subsection, the tax exemption provided under
 29 ORS 307.651 to 307.687 applies to the tax levy of all taxing units with jurisdiction over property
 30 granted the tax exemption by a city, **other than school districts as defined in ORS 330.005 and**
 31 **education service districts created under ORS 334.010**, if the rates of taxation of taxing units,
 32 **other than school districts and education service districts**, whose governing bodies agree by
 33 resolution or ordinance to grant the tax exemption, when combined with the rate of taxation of the
 34 city, equal 51 percent or more of the total combined rate of taxation levied on the property.

35 (b) If the rate of taxation of the city that has granted the tax exemption equals 40 percent or
 36 more of the total combined rate of taxation of all taxing units with jurisdiction over the property,
 37 **other than school districts and education service districts**, the tax exemption applies to the tax
 38 levy of all taxing units, **other than school districts and education service districts**, only if:

39 (A) The percentage requirement of paragraph (a) of this subsection is met; and

40 (B) The governing body of the county also agrees, by resolution or ordinance, to grant the tax
 41 exemption to the property.

42 (3) The city shall adopt standards and guidelines to be utilized in considering applications and
 43 making the determinations required under ORS 307.651 to 307.687, including but not limited to:

44 (a) Design elements for construction of the single-unit housing proposed to be exempt.

45 (b) Extensions of public benefits from the construction of the single-unit housing beyond the

1 period of exemption.

2 **SECTION 48.** ORS 307.811 is amended to read:

3 307.811. (1) **Except as provided in section 2 of this 2014 Act**, real and personal property that
 4 is used solely in the operations of a long term care facility that has been certified for the tax year
 5 as an essential community provider long term care facility under ORS 443.888 shall be exempt from
 6 ad valorem property taxation.

7 (2)(a) In order for the long term care facility to be exempt from taxation under this section, the
 8 owner of the facility shall file with the county assessor a copy of a certificate issued by the De-
 9 partment of Human Services under ORS 443.888, certifying the facility as an essential community
 10 provider long term care facility.

11 (b) The certificate must be filed with the assessor on or before April 1 preceding the tax year
 12 for which the exemption is being claimed.

13 (c) Notwithstanding paragraph (b) of this subsection, a certificate may be filed with the assessor
 14 on or before December 31 of the tax year if accompanied by a late filing fee of the greater of \$200
 15 or one-tenth of one percent of the real market value of the property to which the certificate applies.

16 (3) As used in this section and ORS 307.808, “long term care facility” means a nursing facility,
 17 assisted living facility, residential care facility or adult foster home as defined in ORS 443.705.

18 **SECTION 49.** ORS 307.827 is amended to read:

19 307.827. (1) **Except as provided in section 2 of this 2014 Act**, environmentally sensitive log-
 20 ging equipment is exempt from ad valorem property taxation.

21 (2) As used in this section:

22 (a) “Environmentally sensitive logging equipment” means logging equipment that was originally
 23 manufactured after 1992.

24 (b) “Logging equipment” means machinery and equipment:

25 (A) Used in logging or forest management operations involving timber harvest, including the
 26 felling, bucking, yarding, loading or utilization of timber, logs or wood fiber in the forest, or used
 27 in reforestation, forest vegetation restoration, site preparation, vegetation control, stand and tree
 28 improvement or thinning;

29 (B) That is specifically designed for activities related to water quality or fish and wildlife
 30 habitat protection in the forest; or

31 (C) Consisting of excavators used in logging road construction, maintenance, reconstruction or
 32 improvements, including the closing or obliterating of existing forest roads.

33 (c) “Logging equipment” does not include:

34 (A) Equipment used in nonforest applications for more than 20 percent of the tax year, as
 35 measured by the operating hours of the equipment.

36 (B) Equipment used in the manufacturing or milling of forest products.

37 (C) Power saws, hand tools, blocks or pulleys that are not a part of the equipment, rigging, shop
 38 equipment or support equipment.

39 (D) Logging equipment that is exempt from tax under ORS 307.831.

40 **SECTION 50.** ORS 307.831 is amended to read:

41 307.831. **Except as provided in section 2 of this 2014 Act**, logging equipment consisting of a
 42 skyline yarder and carriage in the form of a mobile tower or swing yarder that is capable of full log
 43 suspension during inhaul is exempt from ad valorem property taxation.

44 **SECTION 51.** ORS 307.835 is amended to read:

45 307.835. **Except as provided in section 2 of this 2014 Act**, all cargo containers principally

1 used for the transportation of cargo by vessels in trade and ocean commerce shall be exempt from
 2 taxation. The term “cargo container” means a receptacle:

3 (1) Of a permanent character and accordingly strong enough to be suitable for repeated use;

4 (2) Specially designed to facilitate the carriage of goods, by one or more modes of transport, one
 5 of which shall be by vessels, without intermediate reloading; and

6 (3) Fitted with devices permitting its ready handling, particularly its transfer from one mode of
 7 transport to another.

8 **SECTION 52.** ORS 307.844 is amended to read:

9 307.844. (1)(a) A city may apply to the Housing and Community Services Department for desig-
 10 nation of an area within the city as a vertical housing development zone.

11 (b) A county may apply to the Housing and Community Services Department for designation of
 12 an unincorporated area within the county as a vertical housing development zone.

13 (2) With the prior consent of the governing body of each city in which a proposed zone is to be
 14 located, a county may apply to the department for designation of any area within each city that has
 15 given consent for vertical housing development zone designation.

16 (3) A city and a county, or any combination of cities and counties, may apply to the department
 17 for designation of an area situated within each applying jurisdiction as a vertical housing develop-
 18 ment zone.

19 (4) A district listed in ORS 198.010 or 198.180, **a school district as defined in ORS 330.005 or**
 20 **an education service district created under ORS 334.010** may elect not to participate in a verti-
 21 cal housing development zone. A district that elects not to participate may continue to impose taxes
 22 on property otherwise exempt from ad valorem property tax under ORS 307.864.

23 (5) An application for designation of a vertical housing development zone must be submitted to
 24 the department. The application shall be in the form and contain the information required by the
 25 department, including:

26 (a) A list of local taxing districts, other than the applicant, that have territory in the proposed
 27 vertical housing development zone.

28 (b) A copy of a written notification that the applicant mailed to the districts listed pursuant to
 29 paragraph (a) of this subsection that:

30 (A) Describes the proposed vertical housing development zone;

31 (B) Explains the exemption described in ORS 307.864 that would apply if the proposed zone is
 32 designated;

33 (C) Explains the process by which a district listed in ORS 198.010 or 198.180 may elect not to
 34 participate in the vertical housing development zone; and

35 (D) Is in a form that is satisfactory to the department.

36 (c) A statement signed by the applicant attesting that the notification described in paragraph
 37 (b) of this subsection was sent by regular mail to each district listed pursuant to paragraph (a) of
 38 this subsection.

39 (6) The application shall:

40 (a) Be filed on behalf of one or more local government units as described in subsections (1) to
 41 (3) of this section by action of the governing body of each applicant;

42 (b) Contain a description of the area sought to be designated as a vertical housing development
 43 zone, including proposed zone boundaries;

44 (c) Contain the reasons that all or a portion of a proposed zone constitutes a core area of an
 45 urban center, a light rail system area or a transit oriented area; and

1 (d) Contain any other information required by the department.

2 (7) The applicant shall submit to the department, within 30 days following the date the applica-
 3 tion is filed with the department, a list of the districts that elected not to participate in the vertical
 4 housing development zone.

5 **SECTION 53.** ORS 308.250 is amended to read:

6 308.250. (1) All personal property not exempt from ad valorem taxation or subject to special
 7 assessment shall be valued at 100 percent of its real market value, as of January 1, at 1:00 a.m., and
 8 shall be assessed at its assessed value determined as provided in ORS 308.146.

9 (2)(a) If the total assessed value of all taxable personal property required to be reported under
 10 ORS 308.290 in any county of any taxpayer is less than \$12,500 in any assessment year, **except as**
 11 **provided in section 2 of this 2014 Act**, the county assessor shall cancel the ad valorem tax as-
 12 sessment for property required to be reported under ORS 308.290 for that year.

13 (b) If, in a county with a population of more than 340,000, the total assessed value of all manu-
 14 factured structures taxable as personal property under ORS 308.875 of any taxpayer is less than
 15 \$12,500 in any assessment year, the county assessor shall cancel the ad valorem tax assessment for
 16 the manufactured structures for that year.

17 (3) In any assessment year or years following an assessment year for which taxes are canceled
 18 under subsection (2)(a) of this section, the taxpayer may meet the requirements of ORS 308.290 by
 19 filing, within the time required or extended under ORS 308.290, a verified statement with the county
 20 assessor indicating that the total assessed value of all taxable personal property of the taxpayer
 21 required to be reported under ORS 308.290 in the county is less than \$12,500. The statement shall
 22 contain the name and address of the taxpayer, the information needed to identify the account and
 23 other pertinent information, but shall not be required to contain a listing or value of property or
 24 property additions or retirements.

25 (4)(a) For each tax year beginning on or after July 1, 2003, the Department of Revenue shall
 26 recompute the maximum amount of the assessed value of taxable personal property in subsection
 27 (2)(a) and (b) of this section for which ad valorem property taxes may be canceled under this section.
 28 The computation shall be as follows:

29 (A) Divide the average U.S. City Average Consumer Price Index for the prior calendar year by
 30 the average U.S. City Average Consumer Price Index for 2002.

31 (B) Recompute the maximum amount of assessed value for which taxes may be canceled under
 32 subsection (2)(a) or (b) of this section by multiplying \$12,500 by the appropriate indexing factor de-
 33 termined as provided in subparagraph (A) of this paragraph.

34 (b) As used in this subsection, "U.S. City Average Consumer Price Index" means the U.S. City
 35 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of
 36 Labor Statistics of the United States Department of Labor.

37 (c) If any change in the maximum amount of assessed value determined under paragraph (a) of
 38 this subsection is not a multiple of \$500, the increase shall be rounded to the nearest multiple of
 39 \$500.

40 **SECTION 54.** ORS 308.256 is amended to read:

41 308.256. (1) Watercraft of water transportation companies shall be assessed as provided in ORS
 42 308.505 to 308.665.

43 (2) Watercraft described in ORS 308.260 shall be assessed as provided in ORS 308.260.

44 (3) **Except as provided in section 2 of this 2014 Act**, the following watercraft shall be exempt
 45 from taxation:

1 (a) Watercraft not owned or operated by water transportation companies, as described in ORS
 2 308.515, and that are customarily engaged in the transportation of persons or property for hire
 3 wholly outside the boundaries of this state.

4 (b) Watercraft owned or operated by water transportation companies, as described in ORS
 5 308.515, and not assessed by the Department of Revenue, that are customarily engaged in the
 6 transportation of persons or property for hire wholly or in part outside the boundaries of this state.
 7 The exemption under this paragraph does not apply to watercraft that engage in the transportation
 8 for hire of persons on offshore trips that originate and terminate at the same port, and that have
 9 a valid marine document issued by the United States Coast Guard or any other federal agency that
 10 succeeds the United States Coast Guard in the duty of issuing marine documents.

11 (c) The assessed value of the property of a water transportation company, as described in ORS
 12 308.515, that is not subject to assessment by the Department of Revenue under the provisions of ORS
 13 308.550 (3).

14 (4)(a) **Except as provided in section 2 of this 2014 Act**, watercraft over 16 feet in length in
 15 the process of original construction, or undergoing major remodeling, renovation, conversion, re-
 16 conversion or repairs on January 1 are exempt from taxation. For the purposes of this subsection,
 17 the term “major” shall include all remodeling, renovation, conversion, reconversion or repairs to a
 18 watercraft in which the expenditures for parts, materials, labor and accessorial services exceed 10
 19 percent of the market value of the watercraft immediately prior to the remodeling, renovation,
 20 conversion, reconversion or repairs.

21 (b) Watercraft subject to assessment by the Department of Revenue under ORS 308.505 to
 22 308.665 are exempt under paragraph (a) of this subsection only if on or before the due date for filing
 23 the statement described in ORS 308.520 for the year for which exemption is claimed, the owner or
 24 operator files with the department sufficient documentary evidence that the property qualifies for
 25 the exemption.

26 (c) The owner or operator of watercraft subject to local assessment shall file the documentary
 27 evidence required under paragraph (b) of this subsection with the county assessor on or before April
 28 1 of the year for which exemption is claimed.

29 (5) All other watercraft not otherwise specifically exempt from taxation nor licensed in lieu
 30 thereof shall be assessed in the county in which they are customarily moored when not in service
 31 or if there is no customary place of moorage in the county in which their owner or owners reside
 32 or, if neither situs applies, then in the county in which any one of the owners maintains a place of
 33 business.

34 (6) Watercraft described in subsection (5) of this section shall be assessed at assessed value,
 35 except as follows:

36 (a) Ships and vessels whose home ports are in the State of Oregon and that ply the high seas
 37 or between the high seas and inland water ports or terminals shall be assessed at four percent of
 38 the assessed value thereof.

39 (b) Vessels that are self-propelled, offshore oil drilling rigs whose home ports are in the State
 40 of Oregon shall be assessed at four percent of the assessed value thereof.

41 (c) All other ships and vessels whose home ports are in the State of Oregon shall be assessed
 42 at 40 percent of the assessed value thereof.

43 (7) **Except as provided in section 2 of this 2014 Act**, the assessor shall cancel the assessment
 44 in whole or proportionate part on all parts and materials in the inventory of shipyards and ship
 45 repair facilities as of January 1 of the assessment year, but only upon receipt prior to April 1 of the

1 assessment year of sufficient documentary proof that prior to April 1 of the assessment year the
 2 parts or materials so assessed were physically attached to or incorporated in watercraft undergoing
 3 major remodeling, renovation, conversion, reconversion or repairs as described in subsection (4) of
 4 this section, within the boundaries of this state.

5 **SECTION 55.** ORS 308.558 is amended to read:

6 308.558. (1) Aircraft shall be subject to assessment, taxation and exemption, as provided in this
 7 section.

8 (2) Any aircraft used or held for use by an air transportation company that is operating pursu-
 9 ant to a certificate of convenience and necessity issued by an agency of the federal government shall
 10 be assessed and taxed under ORS 308.505 to 308.665.

11 (3) Any aircraft used or held for use by an air transportation company to provide scheduled
 12 passenger service, whether or not the company is operating pursuant to a certificate of convenience
 13 and necessity issued by a federal agency, shall be assessed and taxed under ORS 308.505 to 308.665.

14 (4) **Except as provided in section 2 of this 2014 Act**, any aircraft that is required to be reg-
 15 istered under ORS 837.040 for all or any part of the calendar year is exempt from ad valorem
 16 property taxation for the tax year beginning in the calendar year.

17 (5) Any aircraft that is used or held for use by a foreign-owned carrier is exempt from ad
 18 valorem property taxation.

19 (6) Subject to allocation or apportionment for out-of-state service, all other aircraft not other-
 20 wise specifically exempt from taxation or licensed in lieu thereof, and not subject to assessment by
 21 the Department of Revenue under ORS 308.505 to 308.665, shall be assessed in the county from
 22 which they are customarily operated when not in service, or if there is no customary place from
 23 which operated, then in the county in which their owner or owners reside, or if neither situs applies,
 24 then in the county in which any one of the owners maintains a place of business.

25 **SECTION 56.** ORS 308.559 is amended to read:

26 308.559. (1) As used in this section:

27 (a) "Facility" includes all buildings or areas designed and used exclusively for major work at
 28 or near an airport, except passenger or freight terminals.

29 (b) "Major work" includes all remodeling, renovation, conversion, reconversion, repairs or
 30 scheduled maintenance performed at a facility in which the total labor expended for the work ex-
 31 ceeds 10 work hours.

32 (2)(a) **Except as provided in section 2 of this 2014 Act**, any aircraft used or held for use by
 33 an air transportation company is exempt from ad valorem property taxation for the total period of
 34 time the aircraft is awaiting or undergoing major work at a facility located in Oregon.

35 (b) An exemption may not be granted under this section unless the air transportation company
 36 provides separate traffic statistics and other documentation demonstrating the major work to the
 37 Department of Revenue as part of a report filed either within the time required under ORS 308.520
 38 or as extended under ORS 308.535. If the department determines that insufficient records and other
 39 information have been provided by the air transportation company to substantiate the period of time
 40 that the aircraft is claimed to be awaiting or undergoing major work in a facility, the department
 41 may deny the exemption.

42 (3)(a)(A) **Except as provided in section 2 of this 2014 Act**, to the extent that an air trans-
 43 portation company demonstrates in a report described in paragraph (b) of this subsection that an
 44 increase in Oregon air traffic or an upgrade of aircraft type serving Oregon is a rerouting necessary
 45 to accommodate major work at a facility, the department shall exempt that portion of the allocation

1 that results solely from the rerouting.

2 (B) The airline transportation company shall provide the department with prior written notice
3 of any rerouting.

4 (b) Any exemption under this subsection shall be reviewed annually by the department using
5 documentation provided by the air transportation company as part of the annual report filed either
6 within the time required by ORS 308.520 or as extended under ORS 308.535.

7 **SECTION 57.** ORS 308.665 is amended to read:

8 308.665. (1) **Except as provided in section 2 of this 2014 Act**, during the period of time de-
9 scribed in subsection (3) of this section, railroad cars owned by private car companies undergoing
10 major work including remodeling, renovation, conversion or repairs shall be exempt from taxation.

11 (2) For purposes of this section, the term “major work” shall include all remodeling, renovation,
12 conversion, reconversion or repairs to a railroad car in which the total labor expended for such
13 work exceeds 10 work hours.

14 (3) The exemption described in subsection (1) of this section shall apply for the period of time
15 in which the railroad cars are awaiting or undergoing major work or are awaiting transportation
16 to or from or are being transported to or from a facility performing such major work.

17 (4) No exemption under subsection (1) of this section shall be allowed unless the Department
18 of Revenue is furnished sufficient documentary information to prove that the claimant is entitled to
19 the exemption.

20 **SECTION 58.** ORS 308A.362 is amended to read:

21 308A.362. (1) The State Department of Fish and Wildlife shall immediately notify the county
22 assessor and the applicant of its approval or disapproval of an application which shall in no event
23 be later than April 1 of the year following the year of receipt of the application. Subject to sub-
24 section (2) of this section and the mileage limitation of ORS 308A.380, an application not denied by
25 April 1 shall be deemed approved, and the land that is the subject of the application shall be con-
26 sidered to be land that qualifies under ORS 308A.359.

27 (2) An application for land described in ORS 308A.359 (2)(a)(B) shall be approved only if filed
28 on or before five years after the date the land became land no longer outside adopted urban growth
29 boundaries or planned or zoned as forest or agricultural land.

30 (3) An application for land described in ORS 308A.360 (1) may be approved only if ordinances
31 or resolutions authorizing the exemption have been adopted by the city and county in which the
32 land is located and these ordinances or resolutions are in effect on the date of application.

33 (4) The department may not approve more than 50 applications for land described in ORS
34 308A.360 (1) for any tax year. An application that is not approved because of the limitation imposed
35 by this subsection shall be held for consideration for the next tax year.

36 (5)(a) When the department approves land for designation as riparian under ORS 308A.359, it
37 shall enter an order of approval and file a copy of the order with the county assessor within 10 days.
38 Upon receipt of the order, the county assessor shall enter a notation on the assessment roll that the
39 land described in the order is exempt from ad valorem taxation.

40 (b) If the land is as described in ORS 308A.360 (1), the exemption shall apply only to the ad
41 valorem property taxes of the city and county that have authorized the exemption.

42 (6) On approval of an application filed under ORS 308A.356, for each year of designation the
43 assessor shall indicate on the assessment and tax roll that, **except as provided in section 2 of this**
44 **2014 Act**, the property is exempt from taxation as riparian land or, in the case of land described in
45 ORS 308A.360 (1), partially exempt from taxation. The assessor shall also indicate on the tax roll

1 that the land is subject to potential additional taxes as provided by ORS 308A.368, by adding the
 2 notation “designated riparian land (potential add’l tax).”

3 (7) Any owner whose application for designation has been denied may appeal to the department
 4 under the provisions of ORS chapter 183 governing contested cases.

5 **SECTION 59.** ORS 321.272 is amended to read:

6 321.272. **Except as provided in section 2 of this 2014 Act**, all timber in western Oregon shall
 7 be exempt from ad valorem property taxation.

8 **SECTION 60.** ORS 321.829 is amended to read:

9 321.829. **Except as provided in section 2 of this 2014 Act**, all timber in eastern Oregon shall
 10 be exempt from ad valorem property taxation.

11 **SECTION 61.** ORS 508.270 is amended to read:

12 508.270. (1) Either the commercial fishing license required by ORS 508.235 or the boat license
 13 required by ORS 508.260 is in lieu of all taxes and licenses on crab pots used by a person so licensed
 14 or used in connection with a boat so licensed.

15 (2) Crab pots shall be reported to the county assessor by each owner and listed for ad valorem
 16 taxation, but if the owner of such crab pots furnishes documentary proof to the assessor, not later
 17 than August 1 of each year, that the owner possesses a current commercial fishing license under
 18 ORS 508.235 or that the boat of the owner is currently licensed under ORS 508.260, **except as**
 19 **provided in section 2 of this 2014 Act**, the assessor shall cancel any assessment made by the
 20 assessor of crab pots used by such person or used in connection with such person’s licensed boat.

21 **SECTION 62.** ORS 554.320 is amended to read:

22 554.320. **Except as provided in section 2 of this 2014 Act:**

23 (1) The property and income of a corporation organized under the provisions of ORS 554.005 to
 24 554.340, but not for profit, or a corporation organized under ORS 554.380, shall be exempt from
 25 taxation.

26 (2) The property and income of corporations [*which*] **that** were incorporated under chapter 172,
 27 Oregon Laws 1911, and [*which*] **that** amend their articles to state that the corporation shall not
 28 operate for profit shall also be exempt from taxation.

29 **SECTION 63.** ORS 803.585 is amended to read:

30 803.585. (1) Except as otherwise provided in this section or ORS 801.041 or 801.042 **or section**
 31 **2 of this 2014 Act**, the registration fees under the vehicle code are in lieu of all other taxes and
 32 licenses, except municipal license fees under regulatory ordinances, to which such vehicles or the
 33 owners thereof may be subject. Fixed load vehicles are not exempt from ad valorem taxation by this
 34 section.

35 (2) Travel trailers subject to registration and titling under the vehicle code are not subject to
 36 ad valorem taxation, but may be reclassified as manufactured structures and made subject to taxa-
 37 tion as provided in ORS 308.880.

38 **SECTION 64.** (1) **Section 2 of this 2014 Act and the amendments to statutes by sections**
 39 **4 to 63 of this 2014 Act apply to property tax years beginning on or after July 1, 2014.**

40 (2) **The amendments to section 2 of this 2014 Act by section 3 of this 2014 Act apply to**
 41 **property tax years beginning on or after July 1, 2017.**

42 **SECTION 65.** **The amendments to section 2 of this 2014 Act by section 3 of this 2014 Act**
 43 **become operative on July 1, 2017.**

44 **SECTION 66.** **This 2014 Act takes effect on the 91st day after the date on which the 2014**
 45 **regular session of the Seventy-seventh Legislative Assembly adjourns sine die.**

