

D R A F T

SUMMARY

For purposes of exclusion from central assessment, removes requirement that data center company have tax abatement agreement with sponsors of enterprise zone. Clarifies that statute applies only to company in business of communication. Raises maximum allowable percentage of cost of property other than data center property and changes base to cost of property used in business of communication.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to data centers; creating new provisions; amending ORS 308.516; and
3 prescribing an effective date.

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

4 **SECTION 1.** ORS 308.516 is amended to read:

5
6 308.516. (1) A company is not a company described in ORS 308.515 (1) to
7 the extent that the company furnishes undiluted liquefied or industrial gas
8 in bottles, tanks or similar containers.

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

10 (a) The company generates electricity primarily for the company's own
11 use and makes no more than incidental sales of the company's surplus elec-
12 tricity to other persons; or

13 (b)(A) The company's generating facility is primarily fueled by wood
14 waste or other biomass fuel;

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

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

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 (3)(a) A company that **is in the business of communication as defined**
2 **in ORS 308.505 and** is the owner or lessee of a data center is not a company
3 described in ORS 308.515 (1) if[.]

4 [(a) *The company has entered into a written tax abatement agreement, or*
5 *is entitled by assignment or succession to the benefits of a tax abatement*
6 *agreement entered into, with the sponsors of an enterprise zone with respect*
7 *to a data center, pursuant to ORS 285C.050 to 285C.250 or 285C.400 to*
8 *285C.420; and]*

9 [(b)(A)] the original cost of construction and installation of all [*real and*
10 *tangible personal property owned or leased by the company in Oregon other*
11 *than data centers*] **property described in paragraph (b) of this subsection**
12 does not equal more than [*five*] **10** percent of the original cost of the real and
13 tangible personal property of all data centers owned, leased or used by the
14 company in Oregon and all additions to the data center property[; *and*].

15 **(b) The property referred to in paragraph (a) of this subsection is**
16 **real and tangible personal property, other than data centers, that is:**

17 **(A) Owned or leased by the company in Oregon; and**

18 **(B) Used by the company in the business of communication.**

19 [(B) *The property in Oregon other than data centers described in subpara-*
20 *graph (A) of this paragraph consists of real or tangible personal property used*
21 *in the operation of an office or a warehouse or in connection with the con-*
22 *struction, installation or operation of data center property.]*

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

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

1 *[(5) If a company described in subsection (3) of this section owns or leases*
2 *a data center in more than one county in this state, each data center must*
3 *satisfy all applicable requirements under subsection (3) of this section.]*

4 [(6)(a)] (4)(a) As used in this section:

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

7 (B) “Independent data center” means real and personal property consist-
8 ing of buildings or structures specifically designed or modified to house
9 networked computers and data and transaction processing equipment and
10 related infrastructure support equipment, including, without limitation,
11 power and cooling equipment, used primarily to provide, as a service to
12 persons other than the company operating the independent data center, data
13 and transaction processing services, outsource information technology ser-
14 vices and computer equipment colocation services.

15 (C) “Online service data center” means real and personal property con-
16 sisting of buildings or structures specifically designed or modified to house
17 networked computers and data and transaction processing equipment and
18 related infrastructure support equipment, including, without limitation,
19 power and cooling equipment, used primarily to provide, to a single user,
20 including the user’s affiliates, customers, lessees, vendors and other persons
21 authorized by the user, data and transaction processing services.

22 (b) For purposes of this subsection, the primary use of property is based
23 on the relative proportion of the original cost of property used for all pur-
24 poses.

25 **SECTION 2. The amendments to ORS 308.516 by section 1 of this**
26 **2015 Act apply to property tax years beginning on or after July 1, 2015.**

27 **SECTION 3. This 2015 Act takes effect on the 91st day after the date**
28 **on which the 2015 regular session of the Seventy-eighth Legislative**
29 **Assembly adjourns sine die.**

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