

**REVENUE IMPACT OF
PROPOSED LEGISLATION
Seventy-Eighth Oregon Legislative
Assembly
2015 Regular Session
Legislative Revenue Office**

**Bill Number: HB 3492 - 2
Revenue Area: Property Tax
Economist: Kyle Easton
Date: 5/11/2015**

***Only Impacts on Original or Engrossed
Versions are Considered Official***

Measure Description:

Requires county, or county and city if property is within city boundaries, upon request of owner of solar project, to enter into agreement, for period not to exceed 20 years, pursuant to which property constituting solar project is exempt from property taxation and owner pays fee in-lieu of taxes. Establishes fee equal to \$7,000 per megawatt of nameplate capacity of solar project. Requires fee revenue to be distributed proportionally to taxing districts within which solar project is located based upon each affected district's proportion of ad valorem property taxes excluding taxes imposed to pay bonded indebtedness. Repeals exemption and in lieu fee for property first qualifying for exemption on or after January 2, 2022. Applies to property tax years beginning on or after July 1, 2016.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2015-16	2016-17	2015-17	2017-19	2019-21
Local Government		.1	.1	.8	1.1
Local Education Districts		.1	.1	.5	.7
Total Revenue Change		.2	.2	1.3	1.8

Impact Explanation:

The measure as amended would initially result in a positive revenue impact for local taxing districts. This is based upon the assumption that absent the new exemption and in lieu fee, most property would otherwise qualify for exemption under the Rural Renewable Energy Development Zone which is a property tax exemption available for 3-5 years. After the initial 3-5 year period for a qualifying property, a loss in tax would follow. The impact is based upon the assumption that the market will continue to develop in ways allowing for the expansion of solar power production in Oregon.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is to provide tax relief and tax stability to utility scale solar production property owners and developers.