



**AOC URGES THE SENATE FINANCE & REVENUE COMMITTEE TO OPPOSE  
SENATE BILL 967**

*Comments by Gil Riddell, AOC Policy Director,  
before the Senate Finance & Revenue Committee, June 4, 2015.*

For both specific reasons related to SB 967 and the statute it amends (ORS 307.130) and general reasons related to the policy of property tax expenditures stated here, **AOC urges the Committee to oppose SB 967.**

You have seen this concept three times before: Dash-3 amendments to SB 865A-3 (2015); HB 4106 (2014); Dash-1 amendments to HB 4003 (2014). Each would **amend on behalf of a particular property a statute (ORS 307.130) related to charitable property tax exemptions that is archaic, a patchwork of different topics, often amended, and inconsistently interpreted by the courts and thus inconsistently applied by county assessors. It is ripe for litigation. SB 967 would amend that statute in its current flawed form by broadening the exemption to fit the fact situation of a particular property with even more vague language that will apply statewide and likely will lead to even more litigation.**

**AOC urges** your Committee to defeat this bill and call for an **interim study on ORS 307.130 and charitable exemptions generally that will produce separate, modern, clearly written and applied statutes that address the separate categories of charitable property tax exemptions.** Yesterday, you heard Tom Linhares, representing the Oregon State Association of County Assessors, praise House Bill 2690, the charitable low-income housing bill, for these very features (separation from ORS 307.130, clarity of language, and the ability to apply policy consistently statewide).

SB 967, instead of improving current law, muddles it badly by taking a particular fact situation of a particular property so as to overturn adverse Tax Court rulings and asks you to make this public policy that applies statewide. There is a truism that states **“legislation that is property-specific very rarely makes good statewide public policy”**. We do not know the fiscal or revenue impacts of this bill statewide, and the Legislature at this point has neither the time nor the resources to learn them.

Examples of the muddle SB 967 creates:

- To qualify for a property tax exemption, at least 75% of entertainment features shown at Evergreen’s stadium-seating theater must be museum-related; and at least 75% of its retail store inventory must be museum-related. The theater set-up with its stadium seating is designed for, and is rented out to, for-profit corporate events, and shows commercial feature films. The county will not have the resources to police the arbitrary

75% standard, and on what basis will it try – revenue collected, number of showings, attendance totals? The same is true for the retail store. If the county were able, does it periodically count individual items for sale, weigh the relative revenue made, or make judgment calls about what is museum-related? The 75% standard is a litigator's dream.

- Is the parking lot area devoted to the museum clearly demarcated from the parking areas used for the for-profit enterprises that had used or do use the property? If not, there is a potential dispute.
- Is the food service facility of the appropriate size for the attendance at the museum? Is it also used for for-profit corporate events in addition to museum visitors? If so, how often?
- The property contains former corporate offices and other related areas. When these areas are vacant but claimed as museum-related meeting areas, classrooms, display rooms, or storage areas simply because they are there, there will be disputes. Disputes are often litigated.
- The unimproved land contiguous to the museum, in this particular fact situation, is over 200 acres. This provision of the bill is a head-scratcher. It is a completely new idea. Exempt it simply because it is there? Remember that if this becomes law it applies to all other property of this category statewide, and we have no idea of the revenue impact.

Yamhill County will explain the current property tax exemption that it has applied to this property, which makes much of this bill unnecessary. Given that, why not defeat this bill, and until the interim leave ORS 307.130, as muddled as it is, alone? **Do not make the statute worse by adding more confusing, unclear language and unknown fiscal and revenue consequences.**

**AOC urges you to defeat this bad idea and permit a fresh clean up in the interim of the often litigated charitable property tax exemption laws.**