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Dear Senators:

I represent the Evergreen Aviation and Space Museum. I offer the following testimony in support of SB 967.

Here is the situation: there is a general statute regarding property tax exemptions for nonprofit organizations. History and science museums around the state routinely apply for property tax exemption under this statute. In 35 out of 36 counties, these exemptions are authorized. In Yamhill County, under the previous assessor, the Evergreen Aviation and Space Museum received a general exemption.

The current Yamhill County Assessor has challenged exemption qualifications as to the following elements of the operation of the Evergreen Aviation and Space Museum:

- a) Classroom space which is used by school district teachers to provide STEM classes to public school students;
- b) Mezzanine space adjacent to the classrooms;
- c) The coffee shops/cafes in the Space Building and the Aviation Building;
- d) The gift shops in the Space and Aviation Buildings;
- e) Open space which is not used for the display of aircraft;
- f) The parking lots;
- g) The entry road;
- h) The Theatre;
- i) The Theatre concession stand in the Theatre Building;
- j) Conference room space;
- k) Open space for camping.

Our Museum has litigated these issues. We have been successful on most of these issues, achieving an Interim Order from the Tax Court after three years of litigation. We have recently settled this litigation. One issue on which we lost is the exemption for the Museum gift shops because during the tax years in litigation, items sold included corporate logo items (Evergreen International Aviation). We have won clear rulings in our favor as to the classrooms, the mezzanines, most of the Theatre, and the food service facilities. The court did rule that 14% of the Theatre use was non-educational based on some of the films shown and some corporate meetings held in the Theatre, and a small portion of the parking lot was found taxable because those parking spaces would have accommodated corporate users.

We are not seeking to resolve the current litigation through legislation. But, we do support protective legislation so that history or science museums will not have to litigate such issues in the future. We are worried that other counties may get "ideas" about imposing such property taxes, if the statutes are not clarified.

Here is an example of what we have had to do with an unclear situation. During some holiday times, films are occasionally shown for the fun of it – films such as "It's a Wonderful Life," and "Polar Express." We actually had to document the number of hours the theatre showed such films compared to educational films, and we also had to incorporate the number of hours a corporate group made use of the theatre. In the latest year, we are now paying property taxes for 8% of the Theatre. We think there should be a clear line drawn which allows that a small portion of the use of the property may not be clearly for exemption purposes, but this should not require a detailed calculation of the use.

Similarly, we have included a clause where open space around a museum campus can be exempt. We have several acres of open space around our campus where aircraft are not displayed but where the campus setting, in a rural area, is maintained. Apparently, we are supposed to put aircraft or other historic material everywhere on the campus. Our Oregon land use laws encourage preservation of open space. We should be able to adhere to such principles.

In my verbal testimony, I will explain the provisions of SB 967. The key point is that this bill does not take away current exemption laws but adds additional, clearer standards for history and science museums to qualify for property tax exemption.

Thank you for your consideration.

Sincerely,



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