

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

**Bill Number: SB 938 - 2
Revenue Area: Property Tax
Economist: Kyle Easton
Date: 6/12/2015**

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

Measure Description:

Allows county, by ordinance or resolution, to allow property tax exemption for newly constructed or installed industrial improvements. Exemption granted beginning with the first property tax year following adoption of ordinance or resolution and is available only for newly constructed or installed industrial improvements first placed in service after the ordinance or resolution is adopted. Requires adopted ordinance or resolution to conform to exemption parameters contained in measure. Required parameters include qualifying industrial improvements to have minimum real market value, at time improvements are first placed in service, between \$2 million and \$25 million and exemption allowed for a period of three to five years at a declining percentage of assessed value. Exemption applies to tax levy of city or county that adopted ordinance or resolution and to all taxing districts in which property granted exemption is located if district governing bodies comprising 51 percent or more of the total combined rate of taxation agree to grant exemption. Allows exemption to apply to newly constructed or installed industrial improvements for which the first assessment year was January 1, 2014 or January 1, 2015 and requires exemption schedule to be applied beginning as of first assessment date. Prohibits new ordinances or resolutions on or after January 2, 2026. Takes effect 91 days following adjournment sine die.

Revenue Impact (in \$Millions): No direct revenue impact.

Impact Explanation:

The measure as amended would allow but not require city or county to adopt an ordinance or resolution granting property tax exemption for newly constructed or installed industrial improvements. As the exemption is permissive to counties and cities, no direct revenue impact exists. If a county or city adopts an ordinance or resolution allowing the exemption, a revenue loss to the adopting city or county would result. A revenue loss to all other districts is dependent upon district governing bodies comprising 51 percent or more of the total combined rate of taxation agreeing to grant exemption.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is to allow cities and counties the ability to provide temporary property tax relief, to industrial property owners newly constructing or installing industrial improvements, thereby encouraging business investment in such property and contributing to overall economic development.