

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

**Bill Number: SB 938 - 4  
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. Qualifying industrial improvements must have a minimum real market value between \$2 to \$10 million. Exemption is allowed for a period of three to five years at a declining percentage of assessed value. Requires county to specify number of years exemption is available and declining percentage to be applied to assessed value. Allows county at any time to amend or terminate exemption but requires industrial improvements receiving exemption to continue receiving exemption pursuant to the terms in effect at time exemption was first granted to property. Requires county to grant exemption on same terms to all eligible industrial improvements. County may allow exemption for property tax years beginning on or after July 1, 2014. Takes effect on 91st day following adjournment sine die.

Expands existing property tax exemption available to charitable, literary and scientific organizations to include real and personal property owned or leased by a history museum or science museum if property is used to fulfill the mission of the museum and is used or occupied for one or more specific qualifying purposes. Qualifying purposes include: food service facility or concession, retail store, parking lot, theater located in a museum, unimproved land that is not specially assessed, displays, storage areas, and educational classrooms or meeting areas. Specifies that exemption does not apply to property used or occupied as a hotel, water park, chapel or for any commercial enterprise. Applies to property tax years beginning on or after July 1, 2015. Removes language changes from ORS 307.130 for property tax years beginning on or after July 1, 2019.

**Revenue Impact (in \$Millions):**

	Fiscal Year		Biennium		
	2015-16	2016-17	2015-17	2017-19	2019-21
<b>Local Governments</b>	(.1)	(.1)	(.2)	(.2)	N/A
<b>Local Education Districts</b>	(.1)	(.1)	(.1)	(.1)	N/A
<b>Total Revenue Change</b>	(.1)	(.2)	(.3)	(.3)	N/A

**Impact Explanation:**

The amendment adds language to ORS 307.130 (property tax exemption for Literary, Charitable and Scientific Organizations) that would expand and clarify the qualification criteria for property owned or leased by nonprofit history or science museums. Nearly all property owned by nonprofit history or science museums is currently exempt under existing property tax exemption language contained in ORS 307.130. The revenue impact reflects property owned or leased by nonprofit history or science museums that is not currently exempt under existing statute and would become exempt upon adoption

and passage of amendment. The amendment language applies to property tax years 2015-16 through 2018-19.

The measure as amended would allow but not require 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, no direct revenue impact exists. If a county adopts an ordinance or resolution allowing the exemption, a revenue loss to local taxing districts would result.

**Creates, Extends, or Expands Tax Expenditure:**      Yes  No

Two tax expenditures are affected by measure as amended and policy purposes for each are described below.

The policy purpose of this measure is to expand and clarify the existing exemption available to nonprofit history or science museums. The purpose of the underlying exemption is to provide tax relief to property owned or leased by nonprofit corporations in recognition of the social benefits such organizations provide to the public.

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.