

**HOUSE BILL 2171-6; DELETE SECTIONS 46-49**

**AOC is strongly opposed to the expanded property tax exemption tailored exactly to the facts of a single property – an expanded notion of the Evergreen Air and Space Museum – yet would apply statewide to the 246 museums in Oregon. Please remove Sections 46-49.**

Sections 46-49 began as Senate Bill 967. Section 46 would amend ORS 307.130, related to charitable property tax exemptions. The statute 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. Its provisions need to be separated, organized logically, each category of property tax expenditure explicitly and clearly stating its purpose, and the language cleaned up so that there is consistency in interpretation and application statewide. AOC has strongly recommended to the Chairs of the Revenue Committees that an interim work group do exactly this.

Nevertheless, **Section 46** amends ORS 307.130 in its current flawed form. It **makes a confused statute even more muddled by broadening the exemption for museums to fit the fact situation of a particular property** so as to overturn adverse Tax Court rulings, and it does so with even more **vague language**. **Moreover, it would apply statewide to 246 museums**. This likely will lead to even more litigation. This part of the bill has **unknown revenue and fiscal impacts statewide; 35 county assessors would need to reappraise museums in their counties given new exemption standards**. It is also **unnecessary** – the property tax expenditure for museums would be part of the study by the interim work group. And **the portions of the Evergreen property that are legitimately a museum are already exempt**.

The provisions are also bad public policy. Examples:

- **Unimproved land contiguous to a museum could be suddenly exempt**. At Evergreen this means over 200 acres. This provision of the bill is a head-scratcher. Exempt bare land simply because it is there? The Yamhill County Assessor reports that, when the portions of the unimproved lots under farm use assessment contiguous to Evergreen are disqualified so as to make them exemption under Section 46, the estimated property taxes on them would be \$105,800 per year. That is, \$105,800 of property taxes, mostly for schools, written off the books.
- To qualify for a property tax exemption, at least 75% of entertainment features shown at Evergreen's stadium-seating theater 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?
- Is the food service facility of the appropriate size for the attendance at the museum? It is also used for for-profit corporate events, weddings, birthdays, and other events, in addition to museum visitors. The county assessor will need to keep track of this, if possible, with limited resources.
- 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.