

# WILLAMETTE VALLEY

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## VINEYARDS

### SB 938A Encourages Rural Improvements and Investments

Oregon provides little incentive to encourage significant improvements and investments in small to medium-sized industries and in particular rural, agricultural properties. Large capital investments can be incentivized by special corporate tax benefits or programs like the State's Strategic Investment Program and Enterprise Zones which provide property tax exemptions. Unfortunately, small to medium property owners in more rural areas are not encouraged to invest in improvements because they will be hit with a significant increase in property taxes before they begin seeing any financial gain from their investments.

**Therefore, SB 938A gives counties or cities a tool to encourage these capital investments in rural agricultural areas.** The bill allows governing entities to incentivize significant investment by implementing a phased in property tax exemption. The exemption is available only for newly constructed or installed industrial improvements first placed in service after the ordinance or resolution is adopted. A jurisdiction may choose to allow the exemption to begin as early as January 1, 2014.

SB 938A authorizes a county or city to adopt an exemption for newly constructed or installed industrial improvements. The bill allows the governing body to have discretion to specify the minimum real market value of eligible improvements between \$2 and \$25 million and the period of years between three to five during which exemption is allowed.

The exemption applies to tax levy of city or county that adopted ordinance or resolution and to all taxing district in which property granted exemption is located if the district governing bodies comprising 51 percent or more of the total combined rate of taxation agree to grant exemption.

SB 938A also allows the county or city to amend or terminate the exemption, but provides that industrial improvements granted exemption continue to receive the exemption pursuant to the terms in effect at the time exemption was first granted. Therefore, the governing body will not have the authority to base their decisions to grant the phased in property tax deferral on a case-by-case basis. Instead, each county or city can "opt in" to incentivize investment. Once the governing body does decide to "opt in," it cannot remove that option for the companies that choose to participate in the necessary investment. However, the governing entity will still have the authority to remove the "opt in" option for future investments.

Please support HB 938A and help encourage rural improvements and investments.

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