

**Seventy-Eighth Oregon Legislative Assembly - 2015 Regular Session**  
**STAFF MEASURE SUMMARY**  
**House Committee On Rural Communities, Land Use, and Water**

**MEASURE:** HB 2723 A  
**CARRIER:** Rep. Clem

**Fiscal:** No Fiscal Impact

**Revenue:** Revenue impact issued

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**Action Date:** 04/21/15

**Action:** Do Pass As Amended And Be Printed Engrossed.

**Meeting Dates:** 04/07, 04/21

**Vote:**

Yeas: 6 - Clem, Gilliam, Gomberg, Helm, Post, Witt

Nays: 1 - McLane

**Prepared By:** Ian Davidson, Committee Administrator

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**WHAT THE MEASURE DOES:**

Authorizes city or county to designate any urbanized area of city or county as urban agriculture incentive zone. Authorizes city or county to enter into agreement with owner of unimproved land within agriculture incentive zone if owner agrees to restrict use to small-scale urban agricultural production for five consecutive years. Allows unimproved land to undergo special assessment as farmland. Permits special assessment of area of unimproved land to be smaller than tax lot, of which area is a part, and limits assessment to area actually used for small-scale urban agricultural production. Requires interested owners to file application with county assessor on or before April 1 preceding first property tax year to have unimproved land granted special assessment. Requires application be made on forms prepared by Department of Revenue that include certain information. Disqualifies special assessment if county assessor discovers that gross income requirements were not met or if unimproved land is no longer used for urban agricultural production effective January 1 of year discovery is made. Levies additional tax against land found in violation of five-year contract equal to difference between taxes assessed against land and taxes that otherwise would have been assessed against land for each property tax year in contract. Authorizes Department of Revenue to adopt rules necessary for administration of urban agriculture incentive zone special assessment. Requires local government to consider extent to which lands designated by a city or county as urban agriculture incentive zone will affect future development for purpose of inventory and determination of housing capacity as part of periodic review of comprehensive plan or regional plan that concerns the urban growth boundary. Clarifies that designation of urban agriculture incentive zone has no effect on buildable land inventories or urban growth boundary of city or county that designates zone. Takes effect on 91<sup>st</sup> day following adjournment of 78<sup>th</sup> Legislative Assembly.

**ISSUES DISCUSSED:**

- Similar legislation in California
- Prevalence of unimproved land in urban areas

**EFFECT OF COMMITTEE AMENDMENT:**

Defines agricultural production. Authorizes city or county to further define “agricultural production” and define “small-scale” as it pertains to Act. Permits special assessment of area of unimproved land to be smaller than tax lot, of which area is a part, and limits assessment to area actually used for small-scale urban agricultural production. Requires interested owners to file complete and accurate application with county assessor on or before April 1 preceding the first property tax year to have unimproved land granted special assessment. Requires application to be made on forms prepared by Department of Revenue that include certain information. Disqualifies special assessment if county assessor discovers that gross income requirements were not met or if the unimproved land is no longer used for urban agricultural production effective January 1 of the year the discovery is made. Levies additional tax against land found in violation of five-year contract equal to difference between taxes assessed against land and taxes that otherwise would have been assessed against land for each property tax year in contract. Clarifies that designation of urban agriculture incentive zone has no effect on buildable land inventories or urban growth boundary of city or county that designates zone. Authorizes Department of Revenue to adopt rules

necessary for administration of urban agriculture incentive zone special assessment. Requires local government to consider extent to which lands designated by a city or county as urban agriculture incentive zone will affect future development for the purpose of inventory and determination of housing capacity as part of periodic review of comprehensive plan or regional plan that concerns the urban growth boundary.

**BACKGROUND:**

In 2013, the California Legislature enacted Assembly Bill 551, which established the Urban Agriculture Incentive Zone Act. The California Legislation aimed to increase the use of privately owned vacant land for urban agriculture and improve land security for urban agriculture projects by way of a reduced property tax assessment for qualifying areas.

House Bill 2723 A would authorize a county or city to designate any urbanized area of that county or city as an urban agriculture incentive zone giving the property owner tax incentives like those currently found in Exclusive Farm Use zones. The county or city would then be able to enter into an agreement with the owner of the unimproved land within the agricultural incentive zone if the owner of the land agreed to restrict use of land to small-scale urban agricultural production for five consecutive years in exchange for a special assessment of that land.