

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

**Bill Number: HB 3246 - A
Revenue Area: Property Tax
Economist: Kyle Easton
Date: 5/28/2015**

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

Measure Description:

Establishes exemption for qualifying new property or new improvements to property that increase energy efficiency of property or reduce greenhouse gas emissions from property. New or improvements to property must qualify for any form of tax relief or rate-payer incentives in Oregon or improvements to property must improve a property's home energy performance score. For commercial buildings, new or improvements to property must qualify as energy conservation measures. Establishes exemption in most populous city of a county with population of 650,000 or more. To qualify for exemption, requires energy efficient improvements to be constructed or installed on property built before 2008. Specifies exemption not available to centrally assessed property and industrial property appraised by Department of Revenue. Requires application for first year of exemption to be made prior to construction or installation. Applies to property tax years beginning on or after July 1, 2016. Applications for exemption may not be filed for tax years beginning on or after July 1, 2022.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2015-16	2016-17	2015-17	2017-19	2019-21
Local Government		(.1)	(.1)	(.5)	(.7)
Local Education Districts		(.1)	(.1)	(.4)	(.6)
Total Revenue Change		(.2)	(.2)	(.8)	(1.3)

Impact Explanation:

The measure as engrossed will exempt from taxation energy efficient improvements to property. For a loss in revenue to occur, the energy efficient improvement property would have to otherwise meet the exception value threshold. Current law allows for "minor construction" to be added to existing property without required changes in the property's maximum assessed value causing no change in tax liability. Many energy efficient improvements to residential property would fall under the category of minor construction. Most of the revenue impact would result from energy efficient improvements to commercial properties.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is to enhance return on investment related to energy efficient improvements to existing property and to remove any disincentive of installing energy efficient property resulting from increased associated property tax liability.