

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: SB 938 - A**Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session  
Legislative Fiscal Office***Only Impacts on Original or Engrossed  
Versions are Considered Official***

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**Measure Description:**

Authorizes county to adopt exemption for newly constructed or installed industrial improvements.

**Government Unit(s) Affected:**

Department of Revenue (DOR), Legislative Revenue Officer, Counties, Cities

**Summary of Expenditure Impact:**

See Analysis below

**Local Government Mandate:**

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**Analysis:**

The measure authorizes counties and cities, within specific parameters, to allow property tax exemptions for newly constructed or installed industrial improvements. Exemptions can be amended or terminated but industrial improvements which have already been granted an exemption are to continue to receive the exemption under the terms first granted to the property. The measure applies to property tax years beginning on or after July 1, 2015, but does include a retroactivity provision which may be exercised under certain conditions. The bill creates the Task Force on the Taxation of the Property of Nonprofit Corporations to study issues relating to taxation and exemption of property owned, leased or used by non-profit corporations. The task force is to be staffed by the Legislative Revenue Office. In addition, the bill expands an existing property tax exemption that is available to charitable, literary and scientific organizations to also be available to non-profit history and science museums, if such property is used to fulfill the mission of the museum and is used or occupied for a specified qualified purpose.

Since the adoption of exemptions for newly constructed or installed industrial improvements is at the discretion of local governments, it is difficult to determine the fiscal impact of the measure to the Department of Revenue (DOR). DOR estimates that the time it will take for staff to process and track the newly eligible property will result in costs of slightly over \$40,000. This is based on the assumption that the program will have approximately the same number of participants as the Enterprise Zone program, which has some similarity to the proposed exemption under the measure; however there are differences in the programs that could result in costs to the agency being higher or lower than the estimate. It should be noted that the cumulative total of all new measures affecting DOR, as well as the anticipated workload for the agency, needs to be reviewed later in the Session to determine what total adjustments should be made to the DOR budget.

The measure provides flexibility about whether or not local governments allow exemptions provided under the measure. If they do allow an exemption, they will incur costs, although the amount of such costs is indeterminate. In addition, counties anticipate that the expansion of the existing property tax exemption to include history and science museums will require the reappraisal of such museums at a significant, but indeterminate, cost.

The Legislative Revenue Office anticipates costs associated with staffing the Task Force will be minimal.