

B-Engrossed House Bill 2723

Ordered by the Senate June 5
Including House Amendments dated April 24 and Senate Amendments
dated June 5

Sponsored by Representative CLEM; Representatives GILLIAM, READ, VEGA PEDERSON (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Authorizes [*county or*] city to designate any urbanized area of [*county or*] city as urban agriculture incentive zone. **Authorizes county to designate any urbanized area of county not within corporate boundaries of any city as urban agriculture incentive zone.** Authorizes county or city to enter into agreement with owner of unimproved land **between 5,000 square feet and five acres** within zone pursuant to which owner agrees to restrict use of land to small-scale urban agricultural production for five consecutive years in exchange for special assessment of land. **Provides that "agricultural production" does not mean growing, harvesting or processing marijuana.** Allows subsequent five-year agreements. **Provides transfer of title to unimproved land does not affect special assessment if requirements for special assessment are met under new ownership.** Requires filing of application with county assessor. Provides for disqualification from special assessment and clawback of tax benefits if certain gross income requirements are not met or land is no longer used for urban agricultural production.

[Provides that designation of urban agriculture incentive zone has no effect on buildable land inventories or urban growth boundary of county or city that designates zone. For purpose of inventory of supply of buildable lands within urban growth boundary and determination of housing capacity, requires local government to consider extent to which designation of urban agriculture incentive zones will affect future development.]

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to urban agriculture; and prescribing an effective date.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. (1)(a) As used in this section, "agricultural production" means the employ-**
5 **ment of land for farm use as defined in ORS 308A.056. "Agricultural production" does not**
6 **mean growing, harvesting or processing marijuana.**

7 **(b) A city or county that designates an urban agriculture incentive zone under this sec-**
8 **tion may further define "agricultural production" and define "small-scale" for the purposes**
9 **of this section by ordinance, resolution or rule.**

10 **(2)(a) A city may designate any urbanized area of the city as an urban agriculture in-**
11 **centive zone.**

12 **(b) A county may designate any urbanized area of the county that is not within the cor-**
13 **porate boundaries of any city as an urban agriculture incentive zone.**

14 **(3)(a) A city or county may enter into an agreement with an owner of unimproved land**
15 **within an urban agriculture incentive zone pursuant to which the owner agrees to restrict**
16 **the use of the unimproved land to small-scale agricultural production for five consecutive**
17 **years.**

18 **(b) During each of the five years of the agreement, the unimproved land shall be subject**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 to special assessment in the same manner as farmland is valued under ORS 308A.107, pro-
2 vided the gross income requirements specified under ORS 308A.071 (2)(a)(A) to (C) are met
3 for the year.

4 (c) The area of unimproved land subject to special assessment may not be smaller than
5 5,000 square feet or larger than five acres, cumulatively per landowner. The area may be
6 smaller than the tax lot of which the area is a part and shall be limited to the area actually
7 used for small-scale agricultural production.

8 (d) Land may be considered unimproved notwithstanding the presence on the land of
9 agriculture-related improvements, including, but not limited to, greenhouses and hoop
10 houses.

11 (e)(A) A city or county may enter into subsequent five-year agreements with an owner
12 of unimproved land granted special assessment under this section that begin after the fifth
13 year of any prior agreement entered into under this section.

14 (B) If unimproved land that has been granted special assessment under this section by
15 a county is subsequently annexed into a city, the county and the owner of the unimproved
16 land may not enter into subsequent agreements under this subsection. The city and the
17 owner of the unimproved land may enter into an agreement under this subsection if the land
18 is within an urban agriculture incentive zone designated by the city.

19 (f) The transfer of title to unimproved land granted special assessment under this section
20 does not affect the special assessment provided the requirements of this section are met
21 under the new ownership.

22 (4)(a) An owner of unimproved land seeking to have the land granted special assessment
23 under this section must file an application with the county assessor on or before April 1
24 preceding the first property tax year for which the special assessment is sought.

25 (b) The application must be made on forms prepared by the Department of Revenue and
26 supplied by the county assessor and must include:

27 (A) A copy of the agreement entered into under subsection (3) of this section;

28 (B) A true copy of the deed, contract of sale, power of attorney or other appropriate in-
29 strument evidencing the applicant's ownership of the land or authority to file the application
30 on behalf of the owner;

31 (C) Any information necessary to determine that the owner and the unimproved land
32 qualify for the special assessment; and

33 (D) The affidavit or affirmation of the applicant that the statements contained in the
34 application are true.

35 (c) If the application does not meet all requirements under this section, the county
36 assessor shall reject the application and notify the owner of the rejection. Rejection of an
37 application under this paragraph is not reviewable, but an owner may submit an application
38 for the unimproved land for any subsequent property tax year.

39 (d) If the application meets all requirements under this section, the county assessor shall
40 approve the application and notify the owner of the approval and the land shall be subject
41 to special assessment under this section for each of the next following five property tax
42 years.

43 (e) The county assessor shall enter on the assessment and tax roll for the land the no-
44 tation "potential additional tax liability."

45 (5)(a) Unimproved land subject to special assessment under this section shall be disqual-

1 ified from special assessment if the county assessor discovers that, during the term of an
2 agreement entered into under subsection (3) of this section:

3 (A) For any assessment year, the gross income requirements specified under ORS
4 308A.071 (2)(a)(A) to (C) were not met; or

5 (B) The unimproved land is no longer used for agricultural production.

6 (b)(A) Within 30 days after the date that the unimproved land is disqualified from special
7 assessment, the county assessor shall notify the owner in writing of the disqualification and
8 shall state the reason for the disqualification.

9 (B) Following receipt of the notification, the owner may appeal the disqualification to the
10 Oregon Tax Court within the time and in the manner provided in ORS 305.404 to 305.560.

11 (c) Disqualification under this subsection becomes effective on the January 1 assessment
12 date of the assessment year in which the discovery is made if the notice of disqualification
13 required under paragraph (b) of this subsection is mailed by the county assessor before Au-
14 gust 15 of the property tax year for which the disqualification is asserted.

15 (d) Following disqualification, an additional tax shall be added to the tax extended against
16 the land on the next assessment and tax roll, to be collected and distributed in the same
17 manner as other ad valorem property taxes. The additional tax shall be equal to the differ-
18 ence between the taxes assessed against the land and the taxes that would otherwise have
19 been assessed against the land for each of the property tax years for which the land was
20 subject to special assessment under this section before the disqualification.

21 (e) Additional taxes imposed under paragraph (d) of this subsection shall be deemed as-
22 sessed and imposed in the year to which the additional taxes relate.

23 (f) The amount determined to be due under this subsection may be paid to the tax col-
24 lector prior to the time of the next assessment and tax roll, pursuant to the provisions of
25 ORS 311.370.

26 (g) For purposes of this subsection, unimproved land is not disqualified from special as-
27 sessment and may not be assessed additional taxes solely because the land is not used for
28 agricultural production outside the effective periods of agreements entered into under sub-
29 section (3) of this section.

30 (6) The designation of an urban agriculture incentive zone under this section is solely for
31 purposes of the special assessment granted under this section.

32 (7) The Department of Revenue may adopt rules necessary for administration of the ur-
33 ban agriculture incentive zone special assessment under this section.

34 **SECTION 2.** Section 1 of this 2015 Act applies to property tax years beginning on or after
35 July 1, 2016.

36 **SECTION 3.** (1) A city or county may not designate an urban agriculture incentive zone
37 under section 1 of this 2015 Act on or after January 1, 2019.

38 (2) Unimproved land may not be specially assessed under section 1 of this 2015 Act for
39 property tax years beginning on or after July 1, 2023.

40 **SECTION 4.** This 2015 Act takes effect on the 91st day after the date on which the 2015
41 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.

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