

**PROPOSED AMENDMENTS TO
SENATE BILL 938**

1 On page 1 of the printed bill, line 2, after the semicolon insert “creating
2 new provisions; amending ORS 307.130;”.

3 Delete lines 4 through 28 and delete page 2 and insert:

4 **“SECTION 1. (1)(a) The governing body of a city or county may
5 adopt an ordinance or resolution granting a property tax exemption
6 for newly constructed or installed improvements located within the
7 boundaries of the city or county, respectively, that are classified as
8 industrial under rules established by the Department of Revenue pur-
9 suant to ORS 308.215 (1)(a)(C).**

10 **“(b) The terms of the exemption must conform to the provisions
11 of this section. In addition, the ordinance or resolution adopted under
12 this subsection may include requirements for the exemption related
13 to economic development that do not conflict with the provisions of
14 this section.**

15 **“(2) The exemption may be granted only for newly constructed or
16 installed industrial improvements that have, as of the first assessment
17 date after the improvements are first placed in service, a real market
18 value within a range specified by the city or county in the ordinance
19 or resolution. The range must be between \$2 million and \$25 million,
20 inclusive.**

21 **“(3)(a) The exemption shall be granted:**

22 **“(A) Beginning with the first property tax year that begins after the**

1 ordinance or resolution is adopted;

2 “(B) Only for newly constructed or installed industrial improve-
3 ments that are first placed in service after the ordinance or resolution
4 is adopted; and

5 “(C) At a progressively decreasing percentage of assessed value over
6 a period of three to five years.

7 “(b) Except as provided in paragraph (c) of this subsection, the ex-
8 emption shall be granted according to the following schedule:

9 “(A) 100 percent exemption for the first property tax year described
10 in paragraph (a)(A) of this subsection;

11 “(B) 80 percent exemption for the second property tax year;

12 “(C) 60 percent exemption for the third property tax year;

13 “(D) 40 percent exemption for the fourth property tax year;

14 “(E) 20 percent exemption for the fifth property tax year; and

15 “(F) 0 percent exemption for the sixth and all subsequent property
16 tax years.

17 “(c) The city or county may specify in the ordinance or resolution
18 the number of years for which the exemption shall be granted and the
19 percentage of exemption granted in each year of the exemption. The
20 exemption percentage may be reduced to zero percent for the fourth
21 and all subsequent property tax years.

22 “(4) The exemption granted under an ordinance or resolution
23 adopted pursuant to this section shall apply:

24 “(a) To the tax levy of the city or county that adopted the ordinance
25 or resolution; or

26 “(b) To the tax levy of all taxing districts in which property granted
27 exemption is located if, upon request of the city or county that
28 adopted the ordinance or resolution, the rates of taxation of the taxing
29 districts whose governing bodies agree to grant the exemption, when
30 combined with the rate of taxation of the city or county, equal 51

1 percent or more of the total combined rate of taxation on the property
2 granted exemption.

3 “(5) All eligible newly constructed or installed industrial improve-
4 ments for which an application has been approved under subsection
5 (7) of this section shall be granted exemption under this section on the
6 same terms provided in the ordinance or resolution as adopted or
7 amended by the city or county and in effect on the date the application
8 is submitted pursuant to subsection (6) of this section.

9 “(6)(a) The city or county granting the exemption shall prescribe:

10 “(A) Application forms;

11 “(B) The information required to be included in the application;

12 “(C) The respective responsibilities of the city or county, as appli-
13 cable, and the county assessor for making determinations with respect
14 to the information; and

15 “(D) The deadline and fee, if any, for late filing.

16 “(b) Applications must be submitted for review to the county
17 assessor on or before March 1 preceding the property tax year to which
18 the application relates.

19 “(7)(a) The county assessor shall reject an application submitted
20 pursuant to subsection (6) of this section if the application does not
21 meet the requirements of the ordinance or resolution adopted by the
22 city or county.

23 “(b) If the application meets the requirements of the ordinance or
24 resolution, the county assessor shall submit the application to the
25 governing body of the city or county for approval.

26 “(8)(a) Property granted an exemption pursuant to this section is
27 not eligible for any other property tax exemption or special assess-
28 ment.

29 “(b) Property that has received another property tax exemption or
30 special assessment is not eligible for exemption pursuant to this sec-

1 **tion.**

2 **“(c) Paragraphs (a) and (b) of this subsection do not apply to the**
3 **exemption granted under ORS 307.330.**

4 **“(9)(a) Property granted an exemption pursuant to this section:**

5 **“(A) May be owned or leased by the applicant.**

6 **“(B) Must be used for the purpose, and at the location, identified**
7 **in the application through the final year of the exemption.**

8 **“(b) If the county assessor discovers that the property is not used**
9 **for the purpose, or at the location, identified in the application in any**
10 **year through the final year of the exemption, the property shall be**
11 **immediately disqualified for the exemption and shall be assessed and**
12 **taxed in the same manner as other property is assessed and taxed.**

13 **“(10)(a) A city or county may adopt at any time an ordinance or**
14 **resolution amending the terms of the exemption granted under this**
15 **section or terminating the exemption within the city or county.**

16 **“(b) Notwithstanding an ordinance or resolution adopted under**
17 **paragraph (a) of this subsection, newly constructed or installed in-**
18 **dustrial improvements that have been granted an exemption pursuant**
19 **to this section shall continue to receive the exemption under the terms**
20 **in effect at the time the exemption was first granted.**

21 **“SECTION 2. (1) Notwithstanding section 1 (3)(a) of this 2015 Act,**
22 **section 1 of this 2015 Act may apply to newly constructed or installed**
23 **industrial improvements for which the first assessment date after the**
24 **improvements were first placed in service was January 1, 2014, or**
25 **January 1, 2015.**

26 **“(2)(a) If the exemption is made applicable to property described in**
27 **subsection (1) of this section, the exemption shall be granted according**
28 **to the exemption schedule in effect under section 1 (3)(b) or (c) of this**
29 **2015 Act, counting the tax year that began on July 1, 2014, or July 1,**
30 **2015, as applicable, as the first year for purposes of the exemption**

1 schedule.

2 “(b) Notwithstanding paragraph (a) of this subsection, an exemption
3 may not be granted retroactively for any exemption schedule year that
4 ended before July 1 of the first property tax year that begins after the
5 ordinance or resolution granting the exemption is adopted pursuant
6 to section 1 of this 2015 Act and a refund may not be issued for such
7 exemption schedule years.

8 **“SECTION 3. (1) Section 1 of this 2015 Act is repealed on January
9 2, 2026.**

10 **“(2) Notwithstanding the date specified in subsection (1) of this
11 section, newly constructed or installed industrial improvements that
12 are granted an exemption under an ordinance or resolution adopted
13 pursuant to section 1 of this 2015 Act shall continue to receive the
14 exemption under the provisions of the ordinance or resolution.**

15 **“SECTION 4. (1) The Task Force on the Taxation of the Property
16 of Nonprofit Corporations is established, consisting of members ap-
17 pointed as follows:**

18 **“(a) The President of the Senate shall appoint one member from
19 among members of the Senate Committee on Finance and Revenue.**

20 **“(b) The Speaker of the House of Representatives shall appoint one
21 member from among members of the House Committee on Revenue.**

22 **“(c) The President of the Senate and the Speaker of the House of
23 Representatives, in consultation, may appoint additional members
24 from among members of the Senate and the House of Representatives.**

25 **“(2) The task force shall study issues related to the taxation and
26 exemption from taxation of property owned, leased or used by
27 nonprofit corporations, including, but not limited to:**

28 **“(a) The background and description of the current exemption en-
29 vironment in Oregon;**

30 **“(b) Practices in other states and jurisdictions;**

1 “(c) Clear definitions of the criteria for qualification for property
2 tax exemptions;

3 “(d) Uniform statewide administration of exemptions; and

4 “(e) The purpose or expected public benefits of granting exemptions.

5 “(3) The task force may consult with the Oregon State Association
6 of County Assessors, the Association of Oregon Counties and the
7 League of Oregon Cities for purposes of subsection (2) of this section.

8 “(4) A majority of the members of the task force constitutes a
9 quorum for the transaction of business.

10 “(5) Official action by the task force requires the approval of a
11 majority of the members of the task force.

12 “(6) The task force shall elect one of its members to serve as
13 chairperson.

14 “(7) If there is a vacancy for any cause, the appointing authority
15 shall make an appointment to become immediately effective.

16 “(8) The task force shall meet at times and places specified by the
17 call of the chairperson or of a majority of the members of the task
18 force.

19 “(9) The task force may adopt rules necessary for the operation of
20 the task force.

21 “(10) The task force may pre-session file legislation in the manner
22 provided in ORS 171.130 for interim committees. All legislation re-
23 commended by official action of the task force must indicate that it
24 is introduced at the request of the task force.

25 “(11) The task force shall submit a report in the manner provided
26 in ORS 192.245:

27 “(a) On or before December 1, 2015, to the interim committees of
28 the Legislative Assembly related to revenue; and

29 “(b) As soon as practicable after February 1, 2016, to the Senate
30 Committee on Finance and Revenue and the House Committee on

1 **Revenue.**

2 **“(12) The Legislative Revenue Officer shall provide staff support to**
3 **the task force.**

4 **“(13) All agencies of state government, as defined in ORS 174.111,**
5 **are directed to assist the task force in the performance of the task**
6 **force’s duties and, to the extent permitted by laws relating to**
7 **confidentiality, to furnish such information and advice to the task**
8 **force or the Legislative Revenue Officer as the members of the task**
9 **force consider necessary to perform their duties.**

10 **“SECTION 5. Section 4 of this 2015 Act is repealed on December 31,**
11 **2016.**

12 **“SECTION 6. ORS 307.130, as amended by section 16, chapter 52, Oregon**
13 **Laws 2014, is amended to read:**

14 **“307.130. (1) As used in this section:**

15 **“(a) ‘Art museum’ means a nonprofit corporation organized to display**
16 **works of art to the public.**

17 **“(b) ‘History museum or science museum’ means a nonprofit cor-**
18 **poration organized to display historical or scientific exhibits, or both,**
19 **to the public.**

20 **“[(b)] (c) ‘Nonprofit corporation’ means a corporation that:**

21 **“(A) Is organized not for profit, pursuant to ORS chapter 65 or any**
22 **predecessor of ORS chapter 65; or**

23 **“(B) Is organized and operated as described under section 501(c) of the**
24 **Internal Revenue Code as defined in section 15, chapter 52, Oregon Laws**
25 **2014.**

26 **“[(c)] (d) ‘Volunteer fire department’ means a nonprofit corporation or-**
27 **ganized to provide fire protection services in a specific response area.**

28 **“(2) Upon compliance with ORS 307.162, the following property owned or**
29 **being purchased by art museums, volunteer fire departments, or incorporated**
30 **literary, benevolent, charitable and scientific institutions shall be exempt**

1 from taxation:

2 “(a) Except as provided in ORS 748.414, only such real or personal prop-
3 erty, or proportion thereof, as is actually and exclusively occupied or used
4 in the literary, benevolent, charitable or scientific work carried on by such
5 institutions.

6 “(b) Parking lots used for parking or any other use as long as that park-
7 ing or other use is permitted without charge for no fewer than 355 days
8 during the tax year.

9 “(c) All real or personal property of a rehabilitation facility or any retail
10 outlet thereof, including inventory. As used in this subsection, ‘rehabilitation
11 facility’ means either those facilities defined in ORS 344.710 or facilities
12 which provide individuals who have physical, mental or emotional disabili-
13 ties with occupational rehabilitation activities of an educational or
14 therapeutic nature, even if remuneration is received by the individual.

15 “(d) All real and personal property of a retail store dealing exclusively
16 in donated inventory, where the inventory is distributed without cost as part
17 of a welfare program or where the proceeds of the sale of any inventory sold
18 to the general public are used to support a welfare program. As used in this
19 subsection, ‘welfare program’ means the providing of food, shelter, clothing
20 or health care, including dental service, to needy persons without charge.

21 “(e) All real and personal property of a retail store if:

22 “(A) The retail store deals primarily and on a regular basis in donated
23 and consigned inventory;

24 “(B) The individuals who operate the retail store are all individuals who
25 work as volunteers; and

26 “(C) The inventory is either distributed without charge as part of a wel-
27 fare program, or sold to the general public and the sales proceeds used ex-
28 clusively to support a welfare program. As used in this paragraph,
29 ‘primarily’ means at least one-half of the inventory.

30 “(f) The real and personal property of an art museum that is used in

1 conjunction with the public display of works of art or used to educate the
2 public about art, but not including any portion of the art museum’s real or
3 personal property that is used to sell, or hold out for sale, works of art, re-
4 productions of works of art or other items to be sold to the public.

5 “(g) All real and personal property of a volunteer fire department that is
6 used in conjunction with services and activities for providing fire protection
7 to all residents within a fire response area.

8 “(h) All real and personal property, including inventory, of a retail store
9 owned by a nonprofit corporation if:

10 “(A) The retail store deals exclusively in donated inventory; and

11 “(B) Proceeds of the retail store sales are used to support a not-for-profit
12 housing program whose purpose is to:

13 “(i) Acquire property and construct housing for resale to individuals at
14 or below the cost of acquisition and construction; and

15 “(ii) Provide loans bearing no interest to individuals purchasing housing
16 through the program.

17 **“(3)(a) Upon compliance with ORS 307.162, real and personal prop-**
18 **erty owned or leased by a history museum or science museum shall**
19 **be exempt from property taxes if the property:**

20 **“(A) Is used to fulfill the mission of the museum as provided in the**
21 **articles of incorporation and bylaws of the museum; and**

22 **“(B) Is used or occupied for one or more of the following purposes:**

23 **“(i) As a food service facility or concession stand selling food and**
24 **refreshments to museum visitors, volunteers or staff within the mu-**
25 **seum buildings or on museum grounds.**

26 **“(ii) As a retail store selling inventory, at least 90 percent of which**
27 **is museum-related, within the museum buildings or on museum**
28 **grounds.**

29 **“(iii) As a parking lot, the use of which is permitted without charge**
30 **for not fewer than 355 days during the property tax year, for museum**

1 **visitors, volunteers or staff employed by the museum.**

2 **“(iv) As a theater located in a museum building showing enter-**
3 **tainment or educational features, at least 75 percent of which are**
4 **museum-related.**

5 **“(v) As unimproved land that is not specially assessed and that is**
6 **contiguous with the land on which the museum is situated.**

7 **“(vi) For displays, storage areas, educational classrooms or meeting**
8 **areas.**

9 **“(b) The exemption granted under this subsection does not apply to**
10 **property used or occupied as a hotel, water park or chapel or for any**
11 **commercial enterprise.**

12 **“[(3)] (4) An art museum or institution shall not be deprived of an ex-**
13 **emption under this section solely because its primary source of funding is**
14 **from one or more governmental entities.**

15 **“[(4)] (5) An institution shall not be deprived of an exemption under this**
16 **section because its purpose or the use of its property is not limited to re-**
17 **lieving pain, alleviating disease or removing constraints.**

18 **“SECTION 7. The amendments to ORS 307.130 by section 6 of this**
19 **2015 Act apply to property tax years beginning on or after July 1, 2015.**

20 **“SECTION 8. ORS 307.130, as amended by section 16, chapter 52, Oregon**
21 **Laws 2014, and section 6 of this 2015 Act, is amended to read:**

22 **“307.130. (1) As used in this section:**

23 **“(a) ‘Art museum’ means a nonprofit corporation organized to display**
24 **works of art to the public.**

25 **“[(b) ‘History museum or science museum’ means a nonprofit corporation**
26 **organized to display historical or scientific exhibits, or both, to the public.]**

27 **“[(c)] (b) ‘Nonprofit corporation’ means a corporation that:**

28 **“(A) Is organized not for profit, pursuant to ORS chapter 65 or any**
29 **predecessor of ORS chapter 65; or**

30 **“(B) Is organized and operated as described under section 501(c) of the**

1 Internal Revenue Code as defined in section 15, chapter 52, Oregon Laws
2 2014.

3 “[*d*] (c) ‘Volunteer fire department’ means a nonprofit corporation or-
4 ganized to provide fire protection services in a specific response area.

5 “(2) Upon compliance with ORS 307.162, the following property owned or
6 being purchased by art museums, volunteer fire departments, or incorporated
7 literary, benevolent, charitable and scientific institutions shall be exempt
8 from taxation:

9 “(a) Except as provided in ORS 748.414, only such real or personal prop-
10 erty, or proportion thereof, as is actually and exclusively occupied or used
11 in the literary, benevolent, charitable or scientific work carried on by such
12 institutions.

13 “(b) Parking lots used for parking or any other use as long as that park-
14 ing or other use is permitted without charge for no fewer than 355 days
15 during the tax year.

16 “(c) All real or personal property of a rehabilitation facility or any retail
17 outlet thereof, including inventory. As used in this subsection, ‘rehabilitation
18 facility’ means either those facilities defined in ORS 344.710 or facilities
19 which provide individuals who have physical, mental or emotional disabili-
20 ties with occupational rehabilitation activities of an educational or
21 therapeutic nature, even if remuneration is received by the individual.

22 “(d) All real and personal property of a retail store dealing exclusively
23 in donated inventory, where the inventory is distributed without cost as part
24 of a welfare program or where the proceeds of the sale of any inventory sold
25 to the general public are used to support a welfare program. As used in this
26 subsection, ‘welfare program’ means the providing of food, shelter, clothing
27 or health care, including dental service, to needy persons without charge.

28 “(e) All real and personal property of a retail store if:

29 “(A) The retail store deals primarily and on a regular basis in donated
30 and consigned inventory;

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2 work as volunteers; and

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4 fare program, or sold to the general public and the sales proceeds used ex-
5 clusively to support a welfare program. As used in this paragraph,
6 ‘primarily’ means at least one-half of the inventory.

7 “(f) The real and personal property of an art museum that is used in
8 conjunction with the public display of works of art or used to educate the
9 public about art, but not including any portion of the art museum’s real or
10 personal property that is used to sell, or hold out for sale, works of art, re-
11 productions of works of art or other items to be sold to the public.

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14 to all residents within a fire response area.

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16 owned by a nonprofit corporation if:

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18 “(B) Proceeds of the retail store sales are used to support a not-for-profit
19 housing program whose purpose is to:

20 “(i) Acquire property and construct housing for resale to individuals at
21 or below the cost of acquisition and construction; and

22 “(ii) Provide loans bearing no interest to individuals purchasing housing
23 through the program.

24 “[*(3)(a) Upon compliance with ORS 307.162, real and personal property*
25 *owned or leased by a history museum or science museum shall be exempt from*
26 *property taxes if the property:]*

27 “[*(A) Is used to fulfill the mission of the museum as provided in the articles*
28 *of incorporation and bylaws of the museum; and]*

29 “[*(B) Is used or occupied for one or more of the following purposes:]*

30 “[*(i) As a food service facility or concession stand selling food and*

1 refreshments to museum visitors, volunteers or staff within the museum
2 buildings or on museum grounds.]

3 “[ii] As a retail store selling inventory, at least 90 percent of which is
4 museum-related, within the museum buildings or on museum grounds.]

5 “[iii] As a parking lot, the use of which is permitted without charge for
6 not fewer than 355 days during the property tax year, for museum visitors,
7 volunteers or staff employed by the museum.]

8 “[iv] As a theater located in a museum building showing entertainment
9 or educational features, at least 75 percent of which are museum-related.]

10 “[v] As unimproved land that is not specially assessed and that is contig-
11 uous with the land on which the museum is situated.]

12 “[vi] For displays, storage areas, educational classrooms or meeting
13 areas.]

14 “[b] The exemption granted under this subsection does not apply to prop-
15 erty used or occupied as a hotel, water park or chapel or for any commercial
16 enterprise.]

17 “[4] (3) An art museum or institution shall not be deprived of an ex-
18 emption under this section solely because its primary source of funding is
19 from one or more governmental entities.

20 “[5] (4) An institution shall not be deprived of an exemption under this
21 section because its purpose or the use of its property is not limited to re-
22 lieving pain, alleviating disease or removing constraints.

23 **“SECTION 9. The amendments to ORS 307.130 by section 8 of this**
24 **2015 Act apply to property tax years beginning on or after July 1, 2019.**

25 **“SECTION 10. This 2015 Act takes effect on the 91st day after the**
26 **date on which the 2015 regular session of the Seventy-eighth Legisla-**
27 **tive Assembly adjourns sine die.”.**

28