

WILLAMETTE VALLEY

VINEYARDS

SB 1565 Encourages Rural Improvements & Investments

Incentives to encourage significant improvements and investments in small to medium-sized industries in rural, agricultural properties are limited. Large capital investments can be incentivized by special corporate tax benefits or programs like the State's Strategic Investment Program. And, Enterprise Zones which provide property tax exemptions have been used to incentivize investments in small, medium-sized and large industries but have been generally located in more urban areas. Offering similar inducements for small to medium property owners in more rural areas to invest in improvements would, in many cases, assist them when they are hit with a significant increase in property taxes before they may begin seeing any financial gain from their investments.

SB 1565 gives counties or cities another tool to encourage these capital investments in rural agricultural areas. The bill allows governing entities to incentivize significant investment by implementing a phased-in property tax liability program on the additional assessed value. The property tax exemption or deferral is available only for newly constructed or installed industrial improvements first placed in service after the ordinance or resolution is adopted.

The bill authorizes a county or city to adopt an exemption for newly constructed or installed industrial improvements. It allows the governing body to have discretion to specify the minimum initial investment value of eligible improvements between \$1 and \$25 million and the period of years between three-to-five during which exemption is allowed.

The exemption applies to all property tax levies of the city or county that adopts the ordinance or resolution or to all taxing district in which property granted exemption is located if the district governing bodies comprising 51 percent or more of the total combined rate of taxation agree to grant exemption.

SB 1565 also allows the county or city to amend or terminate the exemption, but provides that industrial improvements granted exemption continue to receive the exemption pursuant to the terms in effect at the time exemption was first granted. Property owners granted an exemption or deferral are not eligible for any other property tax exemption or special assessment. The bill provides for clawbacks of tax exemption savings or deferred taxes if an industrial improvement becomes disqualified.

Please support SB 1565 and help encourage rural improvements and investments.