

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: SB 1565 - 5**

78th Oregon Legislative Assembly – 2016 Regular Session  
Legislative Fiscal Office

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

Prepared by: Theresa McHugh  
Reviewed by: John Borden  
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**Measure Description:**

Authorizes city or county to adopt exemption for newly constructed or installed industrial improvements with cost of initial investment of at least \$1 million.

**Government Unit(s) Affected:**

Cities, Counties, Department of Revenue (DOR)

**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 bill allows city and counties, through ordinance or resolution, to establish a property tax exemption or deferral for newly constructed or installed industrial improvements and associated personal property that, initially, cost from \$1 to \$25 million. The bill provides some discretion to cities and counties on conditions of the exemption or deferral and on eligibility qualifications. The costs to cities and counties would be dependent on whether they establish such an exemption or deferral and on the specific exemption or deferral requirements adopted. The measure does allow cities and counties to establish a fee to offset any expenses they would incur.

The Department of Revenue (DOR) anticipates that they will incur some costs as a result of the measure, but the amount is indeterminate given the discretion granted to cities and counties on whether or not they establish such an exemption or deferral and, if they do, the specific characteristics of the exemption or deferral. DOR expects that they would experience some increase in appraisal work, as well as additional work to process property tax returns from jurisdictions that have established an exemption or deferral as authorized under the bill. DOR notes that, based on their experience with other exemption programs, seven to eight additional hours may be added to the processing of each affected property tax return. The measure does not provide for DOR to collect fees to offset any expenses they may incur.