

STAFF MEASURE SUMMARY

House Committee On Revenue

Fiscal: May have fiscal impact, but no statement yet issued

Revenue: May have revenue impact, but no statement yet issued

Action Date:

Action:

Meeting Dates: 02/01, 02/11

Vote:

Prepared By: Mazen Malik, Senior Economist

WHAT THE MEASURE DOES:

Authorizes certain local governments to adopt ordinance or resolution providing property tax incentive programs that grant special assessment to brownfields or exemption to new and existing improvements and personal property on brownfields for period of up to 10 years, with additional period up to five years based on locally adopted criteria. Caps dollar amount of benefits at specified eligible costs for property. Provides that ordinance or resolution becomes effective only if rates of taxation of taxing districts located within territory of local government whose governing boards agree to incentive programs, when combined with rate of local government adopting incentive programs, equal 51 percent or more of total combined rate of taxation within territory of local government. Provides that eligible costs equal discounted present value of estimated after-tax costs directly related to remaining work necessary to remove, contain or treat contamination of brownfield. Provides for clawback of property tax incentive program benefits upon disqualification for failure to comply with eligibility requirements or make reasonable progress on remediation or redevelopment or for misleading or false statements in application to participate in incentive programs. Sunsets authority to adopt ordinance or resolution on January 2, 2037. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

examples of properties.

which governments will adopt and benefit.

brownfields a multifaceted problem.

EFFECT OF COMMITTEE AMENDMENT:**-2 amendment**

Page 1, line 1 – page 2, line 7: DEQ amendments for consistency with current practice and terminology in Oregon law

Page 2, line 8: Eliminates statutory citation that refers specifically to Portland Harbor; intent is for this exclusion to apply to all federal Superfund sites

Page 2, lines 9-11: Clarifies that tax incentives end when the sooner of these two events occurs (end of time period called for in local ordinance or resolution OR total tax benefit exceeds eligible cleanup costs)

Page 2, line 12: Changes threshold for agreement among taxing districts from 51% to 75%

Page 2, lines 13-18: Clarifies that owner who contributed to or exacerbated contamination is not eligible to participate in program

Page 2, lines 19-24: Authorizes county assessors to charge a fee to cover the work required to implement a property tax incentive program for brownfield cleanup

Page 2, line 25 – page 3, line 3: Clarifies that tax incentives are associated with the property rather than with the owner, and lays out requirements for new owner to continue to receive benefits after property changes hands

Page 3, lines 4-8: DEQ amendment for consistency with terminology in Oregon law

Page 3, lines 9-23: Clarifies process for adjusting valuation of land if cost of cleanup varies by more than 10% from original estimate

Page 3, lines 24-28: Conforms language to earlier portion of amendment and renumbers sections

Page 3, line 29 – page 4, line 5: Allows local government to provide opportunity for owner of site already in the program to cure minor defects to avoid disqualification

Page 4, lines 6-11: Rennumbers sections

Page 4, line 12: Shortens sunset from 20 years to 10 years

BACKGROUND:

Last session bill HB 2734 which authorizes local government to established a Land Bank Authority. HB 2734 detailed the process of establishment, the propose and mechanism of governance for the LBA. It also provided for the legal terms of ownership, bonding authority and disillusion of the authority. this element dealing with property tax exemption and abetment was pulled from the bill since it had both technical and political problems that needed more work and resolution. This bill attempts to introduce a solution for those issues in order to complete the basis for the land Bank Authority.

As defined in ORS 285A.185, a “brownfield” is real property where expansion or redevelopment is complicated by actual or perceived environmental contamination. Brownfields must be cleaned up before they can be reused for jobs, housing, and other community needs.