

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 1565 – A14

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

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

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Measure Description:

Authorizes, under certain conditions, city or county to adopt exemption for newly constructed or installed industrial improvements.

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 eligible newly constructed or installed industrial improvements and associated personal property that, initially, cost from \$2 to \$25 million and meets other specified conditions, including that the exemption or deferral is limited to “rural areas.” 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 include fees to be charged to compensate cities and counties for their costs. The measure establishes a number of conditions and eligibility requirements, requires the reporting of specified information on the Oregon Transparency website, and provides that the exemption or deferral program sunsets in 2024.

The Department of Revenue (DOR) anticipates that they will incur 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. In addition, DOR will be required to assist with the reporting and posting of information on the Oregon Transparency website. The measure does not provide for DOR to collect fees to offset any expenses they may incur. DOR’s Property Tax program is funded with General Fund and Other Funds.