

**House Committee On Revenue**

**Fiscal:** Has minimal fiscal impact  
**Revenue:** No revenue impact, statement issued (Indeterminate Impact)

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**Action Date:** 02/15/16

**Action:** Do Pass With Amendments. (Printed A-Eng.)

**Meeting Dates:** 02/01, 02/11, 02/15

**Vote:**

Yeas: 8 - Barnhart, Bentz, Helm, Johnson, Lininger, Nosse, Smith Warner, Whitsett

Exc: 1 - Davis

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**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 that are contaminated and considered brownfields.

which governments will adopt and benefit.

Brownfields a multifaceted problem.

Examples of properties that might be effected and revaluated.

Incentives and property tax treatment.

**EFFECT OF COMMITTEE AMENDMENT:**

**The A amendment**

DEQ amendments for consistency with current practice and terminology in Oregon law, Eliminates statutory citation that refers specifically to Portland Harbor; intent is for this exclusion to apply to all federal Superfund sites. 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). Changes threshold for agreement among taxing districts from 51% to 75%. Clarifies that owner who contributed to or exacerbated contamination is not eligible to participate in program. Authorizes county assessors to charge a fee to cover the work required to implement a property tax incentive program for brownfield cleanup. 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. DEQ amendment for consistency with terminology in Oregon law. Clarifies process for adjusting valuation of land if cost of cleanup varies by more than 10% from original estimate. Conforms language to earlier portion of amendment and renumbers sections. Allows local government to provide opportunity

for owner of site already in the program to cure minor defects to avoid disqualification. Renumbers sections and 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.