

SENATE AMENDMENTS TO SENATE BILL 1565

By COMMITTEE ON FINANCE AND REVENUE

February 16

1 On page 1 of the printed bill, delete lines 4 through 19 and delete pages 2 through 6 and insert:

2 **“SECTION 1. (1) As used in sections 1 to 4 of this 2016 Act:**

3 **“(a) ‘Eligible property’ means newly constructed or installed improvements classified as**
4 **industrial under rules established by the Department of Revenue pursuant to ORS 308.215**
5 **(1)(a)(C), and associated personal property, that have a cost of initial investment to the**
6 **purchaser of at least \$1 million and not more than \$25 million.**

7 **“(b) ‘Qualified property’ means eligible property for which an application has been ap-**
8 **proved under section 2 of this 2016 Act.**

9 **“(2)(a) The governing body of a city or county may adopt an ordinance or resolution**
10 **granting a property tax exemption for eligible property located within the boundaries of the**
11 **city or county, respectively.**

12 **“(b) The terms of the exemption must conform to the provisions of sections 1 to 4 of this**
13 **2016 Act. In addition, an ordinance or resolution adopted under this subsection may include**
14 **requirements for the exemption related to economic development, including but not limited**
15 **to the number of new or retained employees in the Oregon workforce of the taxpayer, mini-**
16 **imum compensation for new or retained employees, first source hiring agreements and local**
17 **procurement plans, that do not conflict with the provisions of sections 1 to 4 of this 2016**
18 **Act.**

19 **“(3)(a) Qualified property must be:**

20 **“(A) Owned or leased by the applicant filing the application under section 2 of this 2016**
21 **Act.**

22 **“(B) Used through the final year of exemption for the purpose, and at the location,**
23 **identified in the application filed under section 2 of this 2016 Act.**

24 **“(b) The exemption:**

25 **“(A) May be granted to eligible property only if the first assessment year to which the**
26 **application filed under section 2 of this 2016 Act relates is the first assessment year that**
27 **begins after the eligible property was first placed in service; and**

28 **“(B) Shall be granted only for qualified property that was first placed in service after the**
29 **ordinance or resolution was adopted.**

30 **“(4)(a) The exemption shall be granted as a 100 percent exemption of the real market**
31 **value of the qualified property for any three out of five consecutive property tax years.**

32 **“(b) Notwithstanding paragraph (a) of this subsection, the city or county may specify in**
33 **the ordinance or resolution:**

34 **“(A) A minimum cost of initial investment greater than \$1 million.**

35 **“(B) Any number of years not greater than five for which the exemption shall be granted.**

1 “(C) The percentage of the real market value of the qualified property granted exemption
2 for each year.

3 “(D) Different schedules in each property tax year for the years and percentages de-
4 scribed in subparagraphs (B) and (C) of this paragraph, depending on the minimum costs of
5 initial investment of the qualified property.

6 “(5)(a) An ordinance or resolution adopted pursuant to this section may not take effect
7 unless, upon request of the city or county that adopted the ordinance or resolution, the rates
8 of taxation of the taxing districts whose governing bodies agree to grant the exemption,
9 when combined with the rate of taxation of the city or county, equal 75 percent or more of
10 the total combined rate of taxation on the qualified property.

11 “(b) Upon the taking effect of the ordinance or resolution, the exemption shall apply to
12 all property tax levies of all taxing districts in which qualified property is located.

13 “(c) The decisions of the taxing districts under paragraph (a) of this subsection may not
14 be changed but are not binding with respect to an ordinance or resolution adopted pursuant
15 to subsection (6) of this section or a new ordinance or resolution adopted pursuant to sub-
16 section (2) of this section.

17 “(d) All qualified property shall be granted exemption under this section, or deferral un-
18 der section 3 of this 2016 Act, on the same terms provided in the ordinance or resolution
19 adopted or amended by the city or county and in effect on the date the application is sub-
20 mitted under section 2 of this 2016 Act.

21 “(6)(a) A city or county may adopt at any time an ordinance or resolution amending the
22 terms of an exemption granted pursuant to this section or a deferral granted pursuant to
23 section 3 of this 2016 Act, subject to approval of the taxing districts under subsection (5)(a)
24 of this section, or terminating the exemption or deferral.

25 “(b) Notwithstanding an ordinance or resolution adopted under paragraph (a) of this
26 subsection, qualified property that has been granted an exemption pursuant to this section,
27 or a deferral pursuant to section 3 of this 2016 Act, shall continue to receive the exemption
28 or deferral under the terms in effect at the time the exemption or deferral was first granted.

29 “(7) If a city or county proposes an ordinance or resolution providing for an exemption
30 on terms other than the terms provided in subsection (4)(a) of this section, the ordinance
31 or resolution may not take effect unless the governing body of the city or county, as appli-
32 cable, receives testimony from the county assessor at a public hearing on the question re-
33 garding the cost and administrability of the proposed terms of the exemption.

34 “(8)(a) Qualified property granted an exemption pursuant to this section, or a deferral
35 pursuant to section 3 of this 2016 Act, is not eligible for any other property tax exemption
36 or special assessment.

37 “(b) Otherwise eligible property that has received another property tax exemption or
38 special assessment is not eligible for the exemption or deferral.

39 “(c) Paragraphs (a) and (b) of this subsection do not apply to the exemption granted un-
40 der ORS 307.330.

41 “SECTION 2. (1)(a) The governing body of a city or county that adopts an ordinance or
42 resolution pursuant to section 1 of this 2016 Act shall prescribe exemption application forms
43 and the information required to be included in the application.

44 “(b) If eligible property is located in a city and county, each of which has adopted an
45 ordinance or resolution under section 1 of this 2016 Act, the applicant shall elect the ex-

1 exemption the applicant wishes to receive for the eligible property by submitting the applica-
2 tion to the city or county, as applicable.

3 “(c) If the initial cost of investment of the eligible property exceeds \$25 million, the ap-
4 plicant shall specify in the application the items of eligible property having a total cost of
5 initial investment of \$25 million for which the exemption is sought.

6 “(d) An application must be accompanied by an application fee fixed by the city or county,
7 as applicable, in an amount determined to compensate the city or county for the actual costs
8 of processing the application.

9 “(2)(a) An application must be submitted for review to the city or county, as applicable,
10 on or before March 1 preceding the property tax year to which the application relates.

11 “(b) Notwithstanding paragraph (a) of this subsection, an application may be filed under
12 this section for the current property tax year:

13 “(A) On or before December 31 of the property tax year, if the application is accompanied
14 by a late filing fee of the greater of \$200 or one-tenth of one percent of the real market value
15 as of the most recent assessment date of the eligible property to which the application re-
16 lates.

17 “(B) On or before April 1 of the property tax year, if the application is accompanied by
18 a late filing fee of \$200 and the applicant demonstrates good and sufficient cause, as defined
19 in ORS 307.162, for failing to file a timely application or is a first-time filer, as defined in ORS
20 307.162.

21 “(c)(A) An application may be filed as provided in paragraph (b) of this subsection
22 notwithstanding that there are no grounds for hardship as required for late filing under ORS
23 307.475.

24 “(B) A late filing fee collected under paragraph (b) of this subsection must be deposited
25 in the general fund of the city or county, as applicable.

26 “(d) If the ownership of all property included in the application for a prior year remains
27 unchanged, a new application is not required.

28 “(3)(a) Upon receipt of an application submitted pursuant to subsection (2) of this section,
29 the city or county, as applicable, shall determine as soon as practicable:

30 “(A) Whether the property to which the application relates is eligible property located
31 within the boundaries of the city or county;

32 “(B) The cost of initial investment of the eligible property to the purchaser; and

33 “(C) The date on which the eligible property was first placed in service.

34 “(b) If any determination made pursuant to paragraph (a) of this subsection renders the
35 property ineligible for the exemption, the application shall be rejected.

36 “(c) If the property is eligible for the exemption under paragraph (a) of this subsection
37 and the application meets the requirements of the ordinance or resolution of the city or
38 county, the governing body of the city or county shall:

39 “(A) Approve the application; and

40 “(B) Notify the assessor of the county in which the qualified property is located and, if
41 the qualified property is state-appraised industrial property, the Department of Revenue of
42 the approval and include with the notification such information as is necessary for the
43 assessor and department to perform their respective duties with respect to the qualified
44 property.

45 “(4) Provided all other requirements of ORS 305.275 are met, the cost of initial invest-

1 ment of the qualified property as determined under this section may be appealed pursuant
2 to ORS 305.275 even if, for purposes of ORS 305.275 (1)(a), the governing body of the city
3 makes the determination of the cost. The rejection of an application on any basis other than
4 the cost of initial investment may not be appealed.

5 “(5) For each property tax year that qualified property is granted exemption pursuant to
6 this section, the assessor of the county in which the qualified property is located:

7 “(a) Shall enter on the assessment and tax roll the notation ‘potential additional tax li-
8 ability’; and

9 “(b) May impose and collect a fee in an amount determined by the assessor to compen-
10 sate the assessor for the actual costs of administering the exemption for the qualified prop-
11 erty.

12 “SECTION 3. (1)(a) The governing body of a city or county that adopts an ordinance or
13 resolution pursuant to section 1 of this 2016 Act may, at the time of adoption, elect to grant
14 the amount of the exemption as computed under section 1 (4) of this 2016 Act as a deferral
15 of property taxes rather than as an exemption. Except as otherwise provided in this section,
16 all provisions of sections 1, 2 and 4 of this 2016 Act apply to a property tax deferral elected
17 in accordance with this section. The election to defer rather than exempt property taxes may
18 be changed only in the manner provided by section 1 (6) of this 2016 Act.

19 “(b) An ordinance or resolution that grants a deferral pursuant to paragraph (a) of this
20 subsection may not take effect unless the governing body of the city or county, as applicable,
21 receives testimony from the county assessor at a public hearing on the question regarding
22 the cost and administrability of the proposed terms of the deferral.

23 “(2)(a) For each property tax year that qualified property is granted deferral pursuant
24 to this section, and until the taxes have been added to the assessment and tax roll under
25 subsection (3) of this section, the assessor of the county in which the qualified property is
26 located:

27 “(A) Shall enter on the assessment and tax roll the notation ‘deferred additional tax li-
28 ability’; and

29 “(B) May impose and collect a fee in an amount determined by the assessor to compen-
30 sate the assessor for the actual costs of administering the deferral for the qualified property.

31 “(b) Interest shall not accrue on taxes deferred pursuant to this section during the period
32 of deferral.

33 “(3)(a) Taxes deferred pursuant to this section shall be added to the taxes extended
34 against the qualified property on the assessment and tax roll as follows:

35 “(A) The deferred additional taxes for the first property tax year for which deferral was
36 granted shall be added to the tax extended against the qualified property on the assessment
37 and tax roll for the first property tax year that begins after the period of deferral ends; and

38 “(B) The deferred additional taxes for the second, third, fourth and fifth property tax
39 years, as applicable, shall be added to the tax extended against the qualified property on the
40 assessment and tax roll for the second, third, fourth and fifth property tax years, respec-
41 tively, that begin after the period of deferral ends.

42 “(b) Deferred additional taxes collected pursuant to this section shall be deemed to be
43 assessed and imposed in the property tax year for which the taxes were imposed and de-
44 ferred.

45 “(c) Deferred additional taxes added to the tax extended against the qualified property

1 may be paid to the tax collector prior to the completion of the assessment and tax roll to
2 which the tax is to be added, pursuant to ORS 311.370. The tax collector may apply prepay-
3 ments of deferred additional taxes under this paragraph for one or more future property tax
4 years to the taxes imposed on the next following assessment and tax roll.

5 “(4) If any qualified property granted deferral under this section is sold or otherwise
6 transferred or is moved out of the county, the lien for the deferred additional taxes added
7 under this section shall attach and the deferred additional taxes are due and payable as of
8 the day before the sale or transfer or, if the qualified property is removed from the county,
9 five days before the removal, whichever is earlier.

10 “**SECTION 4.** (1) If qualified property granted exemption pursuant to section 1 of this
11 2016 Act, or deferral pursuant to section 3 of this 2016 Act, is not used for the purpose, or
12 at the location, identified in the application approved under section 2 of this 2016 Act in any
13 year through the final assessment year of the exemption or deferral, the assessor of the
14 county in which the qualified property is located shall immediately disqualify the property
15 for the exemption or deferral and the disqualified property shall be assessed and taxed in the
16 same manner as other property is assessed and taxed.

17 “(2)(a) If the disqualified property was granted an exemption, additional taxes shall be
18 assessed against the property for the first property tax year following the disqualification in
19 an amount equal to the difference between the taxes assessed against the property and the
20 taxes that would have been assessed against the property without the exemption, for the
21 number of years that the exemption was granted.

22 “(b) If the disqualified property was granted a deferral, deferred additional taxes shall
23 be assessed against the property for the first property tax year following the disqualification
24 in an amount equal to the deferred taxes for all years for which the deferral was granted.

25 “**SECTION 5.** (1) Sections 1 to 4 of this 2016 Act are repealed on January 2, 2027.

26 “(2) Notwithstanding the date specified in subsection (1) of this section, newly con-
27 structed or installed industrial improvements that are granted exemption or deferral under
28 an ordinance or resolution adopted pursuant to section 1 of this 2016 Act shall continue to
29 receive the exemption or deferral under the provisions of the ordinance or resolution.

30 “**SECTION 6.** This 2016 Act takes effect on the 91st day after the date on which the 2016
31 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.”.

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