

Requested by Senator BOQUIST

**PROPOSED AMENDMENTS TO
SENATE BILL 1565**

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

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

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

9 **“(b) ‘Qualified property’ means eligible property for which an ap-**
10 **plication has been approved under section 2 of this 2016 Act.**

11 **“(2)(a) The governing body of a city or county may adopt an ordi-**
12 **nance or resolution granting a property tax exemption for eligible**
13 **property located within the boundaries of the city or county, respec-**
14 **tively.**

15 **“(b) The terms of the exemption must conform to the provisions**
16 **of sections 1 to 4 of this 2016 Act. In addition, an ordinance or resol-**
17 **ution adopted under this subsection may include requirements for the**
18 **exemption related to economic development, including but not limited**
19 **to the number of new or retained employees in the Oregon workforce**
20 **of the taxpayer, minimum compensation for new or retained employ-**
21 **ees, first source hiring agreements and local procurement plans, that**

1 do not conflict with the provisions of sections 1 to 4 of this 2016 Act.

2 “(3)(a) Qualified property must be:

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

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

8 “(b) The exemption:

9 “(A) May be granted to eligible property only if the first assessment
10 year to which the application filed under section 2 of this 2016 Act re-
11 lates is the first assessment year that begins after the eligible property
12 was first placed in service; and

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

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

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

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

21 “(B) Any number of years not greater than five for which the ex-
22 emption shall be granted.

23 “(C) The percentage of the real market value of the qualified prop-
24 erty granted exemption for each year.

25 “(D) Different schedules in each property tax year for the years and
26 percentages described in subparagraphs (B) and (C) of this paragraph,
27 depending on the minimum costs of initial investment of the qualified
28 property.

29 “(5)(a) An ordinance or resolution adopted pursuant to this section
30 may not take effect unless, upon request of the city or county that

1 adopted the ordinance or resolution, the rates of taxation of the taxing
2 districts whose governing bodies agree to grant the exemption, when
3 combined with the rate of taxation of the city or county, equal 75
4 percent or more of the total combined rate of taxation on the qualified
5 property.

6 “(b) Upon the taking effect of the ordinance or resolution, the ex-
7 emption shall apply to all property tax levies of all taxing districts in
8 which qualified property is located.

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

14 “(d) All qualified property shall be granted exemption under this
15 section, or deferral under section 3 of this 2016 Act, on the same terms
16 provided in the ordinance or resolution adopted or amended by the city
17 or county and in effect on the date the application is submitted under
18 section 2 of this 2016 Act.

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

24 “(b) Notwithstanding an ordinance or resolution adopted under
25 paragraph (a) of this subsection, qualified property that has been
26 granted an exemption pursuant to this section, or a deferral pursuant
27 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
29 deferral was first granted.

30 “(7) If a city or county proposes an ordinance or resolution provid-

1 ing for an exemption on terms other than the terms provided in sub-
2 section (4)(a) of this section, the ordinance or resolution may not take
3 effect unless the governing body of the city or county, as applicable,
4 receives testimony from the county assessor at a public hearing on the
5 question regarding the cost and administrability of the proposed terms
6 of the exemption.

7 “(8)(a) Qualified property granted an exemption pursuant to this
8 section, or a deferral pursuant to section 3 of this 2016 Act, is not eli-
9 gible for any other property tax exemption or special assessment.

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

13 “(c) Paragraphs (a) and (b) of this subsection do not apply to the
14 exemption granted under ORS 307.330.

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

19 “(b) If eligible property is located in a city and county, each of
20 which has adopted an ordinance or resolution under section 1 of this
21 2016 Act, the applicant shall elect the exemption the applicant wishes
22 to receive for the eligible property by submitting the application to the
23 city or county, as applicable.

24 “(c) If the initial cost of investment of the eligible property exceeds
25 \$25 million, the applicant shall specify in the application the items of
26 eligible property having a total cost of initial investment of \$25 million
27 for which the exemption is sought.

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

1 application.

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

5 “(b) Notwithstanding paragraph (a) of this subsection, an applica-
6 tion may be filed under this section for the current property tax year:

7 “(A) On or before December 31 of the property tax year, if the ap-
8 plication is accompanied by a late filing fee of the greater of \$200 or
9 one-tenth of one percent of the real market value as of the most re-
10 cent assessment date of the eligible property to which the application
11 relates.

12 “(B) On or before April 1 of the property tax year, if the application
13 is accompanied by a late filing fee of \$200 and the applicant demon-
14 strates good and sufficient cause, as defined in ORS 307.162, for failing
15 to file a timely application or is a first-time filer, as defined in ORS
16 307.162.

17 “(c)(A) An application may be filed as provided in paragraph (b) of
18 this subsection notwithstanding that there are no grounds for hard-
19 ship as required for late filing under ORS 307.475.

20 “(B) A late filing fee collected under paragraph (b) of this sub-
21 section must be deposited in the general fund of the city or county,
22 as applicable.

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

25 “(3)(a) Upon receipt of an application submitted pursuant to sub-
26 section (2) of this section, the city or county, as applicable, shall de-
27 termine as soon as practicable:

28 “(A) Whether the property to which the application relates is eligi-
29 ble property located within the boundaries of the city or county;

30 “(B) The cost of initial investment of the eligible property to the

1 purchaser; and

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

4 “(b) If any determination made pursuant to paragraph (a) of this
5 subsection renders the property ineligible for the exemption, the ap-
6 plication shall be rejected.

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

11 “(A) Approve the application; and

12 “(B) Notify the assessor of the county in which the qualified prop-
13 erty is located and, if the qualified property is state-appraised indus-
14 trial property, the Department of Revenue of the approval and include
15 with the notification such information as is necessary for the assessor
16 and department to perform their respective duties with respect to the
17 qualified property.

18 “(4) Provided all other requirements of ORS 305.275 are met, the
19 cost of initial investment of the qualified property as determined under
20 this section may be appealed pursuant to ORS 305.275 even if, for
21 purposes of ORS 305.275 (1)(a), the governing body of the city makes
22 the determination of the cost. The rejection of an application on any
23 basis other than the cost of initial investment may not be appealed.

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

27 “(a) Shall enter on the assessment and tax roll the notation ‘po-
28 tential additional tax liability’; and

29 “(b) May impose and collect a fee in an amount determined by the
30 assessor to compensate the assessor for the actual costs of adminis-

1 **tering the exemption for the qualified property.**

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

12 **“(b) An ordinance or resolution that grants a deferral pursuant to**
13 **paragraph (a) of this subsection may not take effect unless the gov-**
14 **erning body of the city or county, as applicable, receives testimony**
15 **from the county assessor at a public hearing on the question regarding**
16 **the cost and administrability of the proposed terms of the deferral.**

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

21 **“(A) Shall enter on the assessment and tax roll the notation ‘de-**
22 **ferred additional tax liability’; and**

23 **“(B) May impose and collect a fee in an amount determined by the**
24 **assessor to compensate the assessor for the actual costs of adminis-**
25 **tering the exemption for the qualified property.**

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

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

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

5 “(B) The deferred additional taxes for the second, third, fourth and
6 fifth property tax years, as applicable, shall be added to the tax ex-
7 tended against the qualified property on the assessment and tax roll
8 for the second, third, fourth and fifth property tax years, respectively,
9 that begin after the period of deferral ends.

10 “(b) Deferred additional taxes collected pursuant to this section
11 shall be deemed to be assessed and imposed in the property tax year
12 for which the taxes were imposed and deferred.

13 “(c) Deferred additional taxes added to the tax extended against the
14 qualified property may be paid to the tax collector prior to the com-
15 pletion of the assessment and tax roll to which the tax is to be added,
16 pursuant to ORS 311.370. The tax collector may apply prepayments of
17 deferred additional taxes under this paragraph for one or more future
18 property tax years to the taxes imposed on the next following assess-
19 ment and tax roll.

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

26 “SECTION 4. (1) If qualified property granted exemption pursuant
27 to section 1 of this 2016 Act, or deferral pursuant to section 3 of this
28 2016 Act, is not used for the purpose, or at the location, identified in
29 the application approved under section 2 of this 2016 Act in any year
30 through the final assessment year of the exemption or deferral, the

1 assessor of the county in which the qualified property is located shall
2 immediately disqualify the property for the exemption or deferral and
3 the disqualified property shall be assessed and taxed in the same
4 manner as other property is assessed and taxed.

5 “(2)(a) If the disqualified property was granted an exemption, addi-
6 tional taxes shall be assessed against the property for the first prop-
7 erty tax year following the disqualification in an amount equal to the
8 difference between the taxes assessed against the property and the
9 taxes that would have been assessed against the property without the
10 exemption, for the number of years that the exemption was granted.

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

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

17 “(2) Notwithstanding the date specified in subsection (1) of this
18 section, newly constructed or installed industrial improvements that
19 are granted exemption or deferral under an ordinance or resolution
20 adopted pursuant to section 1 of this 2016 Act shall continue to receive
21 the exemption or deferral under the provisions of the ordinance or
22 resolution.

23 **“SECTION 6. This 2016 Act takes effect on the 91st day after the
24 date on which the 2016 regular session of the Seventy-eighth Legisla-
25 tive Assembly adjourns sine die.”.**

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