

SB 468 -1 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 2/16, 2/27

WHAT THE MEASURE DOES:

Makes changes to statutes governing local government permissive property tax exemption made available to qualified industrial property. Defines eligible location to include a location that has not formerly been used for industrial purposes. Clarifies definition of eligible property to include property whether appraised by the county or the Department of Revenue. Expands definition of eligible property to include property constructed or installed at a brownfield and allows computation of the cost of initial investment to include the costs of the brownfield cleanup. Expands areas where exemption may be made available by changing definition of rural area to include an area in unincorporated territory. Clarifies definition of rural area to include area in a city with a population less than 40,000 that is located entirely outside of the urban growth boundaries of any and all cities with populations of 40,000 or more. Effective 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Original legislation, SB 1565 (2016), that enacted permissive exemption and general overview of enacted exemption
- Marion County's interest in using permissive property tax exemption
- Under proposed changes, cost associated with brownfield cleanup included in meeting minimum initial investment requirement, however, exemption to still apply to newly constructed or installed industrial property

EFFECT OF AMENDMENT:

-1 For purposes of determining cost of initial investment with respect to the property, costs relating to remaining cleanup of brownfield may be included.

BACKGROUND:

Senate bill 1565 (2016) allowed a county or city, by ordinance or resolution, to provide property tax exemption or deferral for newly constructed or installed industrial improvements with cost of initial investment of at least \$1 million. The measure required the property tax exemption to be granted equal to 100 percent of qualified property's real market value for any three out of five consecutive property tax years. However, measure also allowed city or county to specify in ordinance or resolution any number of years not greater than five for which the exemption shall be granted and the percentage of the real market value of the qualified property granted exemption for each year. Required governing bodies, representing 75 percent or more of total combined rate of taxation on qualified property, to agree to ordinance or resolution in order for ordinance or resolution to take effect. Required applicant and the governing body of the city or county to enter into agreement that includes specified employment requirements. Required property to be located in an area located entirely outside of the urban growth boundary of a city with a population of 40,000 or more. Allowed a city or county to grant deferral of property taxes instead of exemption within same parameters of exemption. Authority of county or city to provide exemption and deferral sunsets on January 2, 2024.