

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: SB 468 - 1**

79th Oregon Legislative Assembly – 2017 Regular Session  
Legislative Fiscal Office

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

Prepared by: Meg Bushman-Reinhold  
Reviewed by: John Borden  
Date: 2/24/2017

**Measure Description:**

Provides that "eligible location," for purposes of certain property tax benefits, includes location not formerly used for industrial purposes. 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.

**Government Unit(s) Affected:**

Counties, Department of Revenue(DOR)

**Summary of Expenditure Impact:**

See Analysis

**Analysis:**

Existing law allows cities or counties to enact a property tax exemption for qualified industrial property in rural areas. This bill expands the properties that would be eligible for this exemption, allows brownfield cleanup costs to be included in the initial investment cost criteria, and broadens the definition of "rural area" to include an area located in an unincorporated territory or an area in a city with a population of less than 40,000 that is located entirely outside of the urban growth boundary of cities with populations of 40,000 or more.

This property tax exemption was created by SB 1565 in 2016. To date, no city or county has adopted an ordinance or resolution allowing for this exemption or deferral.

Department of Revenue (DOR) anticipates that any taxpayer accounts using this exemption would require appraisals by the state. DOR could incur costs to appraise eligible properties. DOR estimates that an exemption or deferral under this bill could add up to 8 appraiser hours to the processing time of affected tax returns. The bill expands the number of properties that could qualify under this bill, but it is not known how many, if any, local governments may adopt such an ordinance. Without knowing the number of properties, the fiscal impact of this bill to DOR is indeterminate.

A city or county that allows the property tax exemption in this bill may see reduced revenue. A reduction in revenue may result in reduced expenditures. The fiscal impact to cities or counties is indeterminate.