

SB 149 -2 STAFF MEASURE SUMMARY
Senate Committee On Finance and Revenue

Prepared By: Kyle Easton, Economist

Meeting Dates: 2/13, 3/14

WHAT THE MEASURE DOES:

Modifies existing property tax exemption qualification statute to allow property of a limited liability company (LLC) to qualify for exemption from ad valorem property taxation or special assessment if the limited liability company is wholly owned by one or more nonprofit corporations or entities whose property is exempt from taxation under ORS 307.090. To qualify for exemption or special assessment, measure requires the property to otherwise qualify for exemption or special assessment if the property was held directly by the owners of the LLC. Applies to property tax years beginning on or after July 1, 2017.

ISSUES DISCUSSED:

- FFA certificate for Life Flight, who owns/leases the aircraft
- Possible changes to the -1
- Possibility of narrowing original concept to just air ambulance LLCs
- If concept is narrowed, possibility of issue resurfacing in subsequent legislative sessions due to other LLCs being unable to qualify due to narrowness of statute modification

EFFECT OF AMENDMENT:

-2 Replaces Section 1 of measure.

Modifies existing property tax exemption qualification statute to allow property of a limited liability company (LLC) to qualify for exemption from ad valorem property taxation or special assessment if:

- LLC is wholly owned by one or more nonprofit corporations or state, county or local governments
- Property would qualify for the exemption or special assessment if held directly by each of the LLC's nonprofit corporations, and
- Exemption or special assessment granted in least amount that would be granted if held directly by any of the LLC's nonprofit corporations.

BACKGROUND:

ORS 307.022 allows a limited liability company (LLC) to qualify for a property tax exemption or special assessment if and to the extent that all of the nonprofit corporation owners of the LLC would qualify for the exemption or special assessment. ORS 307.022 does not create a new type of property tax exemption but rather it allows LLCs to qualify for existing property tax exemptions or special assessments so long as the LLC is wholly owned by one or more nonprofit corporations that meet the applicable exemption or special assessment requirements.

Entities whose property is exempt from taxation under ORS 307.090 include the state, counties & other municipal corporations.

Related litigation is currently ongoing involving the Deschutes County Assessor, Department of Revenue and Life Flight Network LLC which is owned by nonprofits: Saint Alphonsus Regional Medical Center, Inc., Legacy Emanuel Hospital & Health Center, Providence Health System - Oregon, and Oregon Health & Science University which is a public benefit corporation established under ORS chapter 353 (No. TC-MD 150396N).