

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
79th Oregon Legislative Assembly
2017 Regular Session
Legislative Revenue Office

Bill Number: HB 2770 - 4
Revenue Area: Property Taxes
Economist: Kyle Easton
Date: 5/25/2017

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

Measure Description:

Repeals property tax exemption available to centrally assessed company that builds, maintains and operates a qualified project in Oregon. Repeals and modifies conforming statutory language. Exemption repeal effective beginning with 2015-16 property tax year. Establishes Task Force on Broadband Communications Infrastructure. Measure takes effect 91st day following adjournment sine die.

Revenue Impact: Indeterminate (see impact explanation)

Impact Explanation:

No company is currently receiving a property tax exemption for building, maintaining and operating a qualified project in Oregon. However, three companies have received positive determinations from the Public Utility Commission (PUC) regarding their project applications. One company has since publicly declared disinterest in their project to which they applied to PUC. Of the remaining two companies, one has sought the qualified project property tax exemption with the other expressing interest in seeking the exemption. In addition to the two companies, any company may apply for positive determination and seek exemption prior to new approval sunset date of 6/30/2021.

Any impact on revenue is dependent upon multiple factors including: individual business decisions, outcome of ongoing and potential litigations and technologic changes. As previously stated, no company is currently receiving a property tax exemption, however, one company has begun legal proceedings regarding their failure to qualify.

Based upon an analysis of publicly available financial and assessment documents, the following potential impact upon property tax revenue is presented to provide an order of magnitude estimate of the potential impact on property tax revenues. Measure's repeal of the exemption has the potential to eliminate future losses in property tax revenues in the range of \$15-\$20 million annually. Statute allows exemption to be granted for the period during which an owner maintains and operates the qualified project allowing for annual losses in property tax revenue to exist in near perpetuity. Potential impact and amount of impact is highly dependent upon ongoing litigation and individual business decisions to build, maintain and operate qualified projects.

Revenues are unaffected by creation of task force.

Creates, Extends, or Expands Tax Expenditure: Yes No