

SB 149 A STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 5/15, 6/1

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:

- Nonprofit entities must be exempt organizations in their own right
- Property held by the LLC needs to qualify for the exemption, property cannot be used for profit making
- Language in lines 10-11
- Hypothetical, why LLC does not just form a joint nonprofit and transfer property to the subsequently created nonprofit.

EFFECT OF AMENDMENT:

No amendment.

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.

Life Flight Network LLC 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.