

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

Bill Number: SB 149 - A
Revenue Area: Property Taxes
Economist: Kyle Easton
Date: 3/15/2017

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

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.

Revenue Impact (in \$Millions):

| | Fiscal Year | | Biennium | | |
|----------------------------------|-------------|---------|----------|---------|---------|
| | 2017-18 | 2018-19 | 2017-19 | 2019-21 | 2021-23 |
| Local Governments | (\$0.1) | (\$0.1) | (\$0.1) | (\$0.1) | (\$0.2) |
| Local Education Districts | (\$0.0) | (\$0.1) | (\$0.1) | (\$0.1) | (\$0.1) |
| Total Revenue Change | (\$0.1) | (\$0.1) | (\$0.2) | (\$0.3) | (\$0.3) |

Impact Explanation:

Measure modifies existing statute to allow a limited liability company that is wholly owned by one or more nonprofit corporations or government entities, to qualify for exemption or special assessment available under other property tax laws of this state. Modification to statute is expected to increase the number of LLCs that may be able to qualify for existing property tax exemptions or special assessments. Measure requires exemption or special assessment to be determined to the least extent that would be received if any of the nonprofit owners of the LLC were the exclusive owner of the property.

Measure does not expand qualification standards for existing property tax exemptions or special assessments, rather, measure expands the membership structure of an LLC that may qualify for existing exemptions and special assessments.

Creates, Extends, or Expands Tax Expenditure: Yes No

ORS 307.022 is not a tax expenditure per se, rather, the statute clarifies that depending upon ownership structure of an LLC, LLC may qualify for an existing property tax exemption or special assessment.