

# WILLAMETTE VALLEY

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## VINEYARDS

### **SB 468 Clarifies Rural Investment Property Tax Exemption Statute**

In 2016, the Oregon Legislature passed SB 1565 which provides incentives to encourage capital investments in small to medium-sized industries in rural, industrial land properties. The measure gives counties and cities another tool to encourage capital investments in rural areas by offering property tax exemption to assist the owners when they are hit with a significant increase in property taxes before they may begin seeing any financial gain from their investments.

The bill allows governing entities to incentivize investment by implementing a phased-in property tax liability program on the additional assessed value. The property tax exemption or deferral is available only for newly constructed or installed industrial improvements first placed in service after the ordinance or resolution is adopted. SB 1565 allows the governing body to have discretion to specify the minimum initial investment value of eligible improvements between \$1 and \$25 million and the period of years between three-to-five during which exemption is allowed. The exemption applies to all property tax levies of the city or county that adopts the ordinance or resolution or to all taxing district in which property granted exemption is located if the district governing bodies comprising 75 percent or more of the total combined rate of taxation agree to grant exemption.

In working with Marion County in an effort to consider the adoption of a property tax exemption program, several questions about the definitions and property eligibility issues were raised. SB 486 is intended to address those issues only and not to include any policy changes of substance to the 2016 legislation.

SB 468 clarifies that:

1. Rural areas include smaller cities under 40,000 that is located entirely outside of the urban growth boundaries of cities with populations of 40,000 or more.
2. Both state assessed and county assessed properties are eligible to apply.
3. Buildings and equipment are eligible investments and that a local government could include brownfield clean up improvements.
4. Eligible locations would include locations that are industrial lands but had not formerly been used for industrial purposes.

Please support SB 468 and help make this rural investment property tax exemption program a reality.