

**HB 3459 A STAFF MEASURE SUMMARY**

**Carrier:** Sen. Hass

**Senate Committee On Finance and Revenue**

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**Action Date:** 06/27/17  
**Action:** Do pass.  
**Vote:** 5-0-0-0  
**Yeas:** 5 - Baertschiger Jr, Boquist, Hass, Riley, Taylor  
**Fiscal:** Has minimal fiscal impact  
**Revenue:** Revenue impact issued  
**Prepared By:** Kyle Easton, Economist

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**WHAT THE MEASURE DOES:**

Expands existing property tax exemption available under ORS 307.130 to include all real and personal property of a retail store owned by a nonprofit corporation if retail store deals exclusively in donated inventory and retail store operates with substantial support from volunteers.

Requires all net proceeds of retail store sales to be donated to: a nonprofit corporation that provides animal rescue services, a manufacturer or provider of goods or services in return for equivalent value of goods or services from the manufacturer or provider, an entity that provides spaying and neutering services for pets of individuals residing in households with an annual household income at or below 80 percent of the area median income or for the purpose of aiding domesticated animals in furtherance of the purpose for which the nonprofit corporation was organized. Makes series of non substantive structural statutory changes. Applies to property tax years beginning on or after July 1, 2017.

**ISSUES DISCUSSED:**

- Requirements in measure regarding how net proceeds of the retail store are required to be used
- Measure originated in part from a local county assessor and assessor's interpretation of the ORS 307.130 exemption statute and how current law structure does not allow retail stores to qualify for exemption if net proceeds of retail store go to support animals rather than people.

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

ORS 307.130 is a relatively broad exemption available to various types of nonprofit institutions including: hospitals and health organizations, social welfare organizations, museums and specified charitable retail stores. For a retail store to be exempt from property taxation under existing law, statute requires the proceeds of the sale of any inventory sold to the general public to be used to support a welfare program. Welfare program is defined as "a program to provide food, shelter, clothing or health care, including dental service, to needy person without charge". Retail stores may also be exempt if proceeds of the retail store sales are used to support a not-for-profit housing program. Retail stores selling inventory, at least 90 percent of which is museum-related, within the museum buildings or on museum grounds is also exempt.

House bill 3459 as engrossed would expand the ORS 307.130 property tax exemption to include retail stores that operate with substantial support from volunteers and that donate all net proceeds of the retail store to one or more of the following:

- A nonprofit corporation that provides animal rescue services

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- A manufacturer or provider of goods or services in return for equivalent value of goods or services from the manufacturer or provider
- To an entity that provides spaying and neutering services for pets of individuals residing in households with an annual household income at or below 80 percent of the area median income
- For the purpose of aiding domesticated animals, regardless of whether the animals are in the custody of the county shelter, in furtherance of the purpose for which the nonprofit corporation was organized.