

A-Engrossed
House Bill 2770

Ordered by the House May 30
Including House Amendments dated May 30

Sponsored by COMMITTEE ON REVENUE

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Repeals property tax exemption for certain communication infrastructure.

Establishes Task Force on Broadband Communications Infrastructure to study and evaluate viability, impact and effectiveness of property tax exemption to provide incentive to development of broadband communications infrastructure that might not otherwise occur. Requires task force to submit report, including recommendations for legislation, to interim committees of Legislative Assembly related to business and economic development no later than September 15, 2018. Sunsets task force December 31, 2018.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to property tax exemption for certain communication infrastructure; creating new pro-
3 visions; amending ORS 308.519 and 308.674 and section 11, chapter 23, Oregon Laws 2015; re-
4 pealing ORS 308.673, 308.677 and 308.681; and prescribing an effective date.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1. ORS 308.673, 308.677 and 308.681 are repealed.**

7 **SECTION 2.** ORS 308.519 is amended to read:

8 308.519. (1) The following real and tangible personal property used or held for future use by a
9 company described in subsection (2) of this section shall be locally assessed:

10 (a) Property constituting a data center or used in connection with the operation of data center
11 property;

12 (b) Property used on the data center property to generate electricity; and

13 (c) Electricity generated by property described in paragraph (b) of this subsection.

14 (2) Subsection (1) of this section applies to a company that is:

15 (a) Not a company described in ORS 308.515 (1); or

16 (b) A company described in ORS 308.515 (1) and the historical or original cost of the real and
17 tangible personal property of all data centers owned, leased or used by the company in Oregon and
18 all additions to the data center property, excluding property described in subsection (1)(b) and (c)
19 of this section, is equal to or greater than \$200 million.

20 (3)[(a)] For purposes of ORS 308.505 to 308.681, property described in subsection (1) of this sec-
21 tion, and intangible personal property that is related to the property, may not be included in any
22 unit subject to central assessment.

23 [(b) *Notwithstanding paragraph (a) of this subsection, property that is used or held for future use*
24 *by a company whose property is granted an exemption under ORS 308.677 and that would otherwise*
25 *be assessed under this section shall be assessed under ORS 308.677.*]

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 **SECTION 3.** ORS 308.674 is amended to read:

2 308.674. (1) [*Subject to ORS 308.673,*] The property of a company described in ORS 308.515 (1)
3 shall be granted an exemption in the amount of the positive value, if any, obtained by subtracting
4 from the real market value of the company's real property and tangible and intangible personal
5 property included in the unit subject to central assessment, reduced by the amount of any exemption
6 elected under ORS 308.671, an amount equal to the historical or original cost of the company's real
7 property and tangible personal property included in the unit subject to central assessment, without
8 reduction for any exemption elected under ORS 308.671, multiplied by 130 percent.

9 (2) If the amount determined under subsection (1) of this section is not positive, [*subject to ORS*
10 *308.673,*] the real market value of the company's real property and tangible and intangible personal
11 property included in the unit subject to central assessment, reduced by the amount of any exemption
12 elected under ORS 308.671, shall be the real market value of the company's property for the property
13 tax year.

14 (3) Notwithstanding subsection (1) of this section, an exemption granted under this section may
15 not exceed an amount equal to 95 percent of the real market value of the company's real property
16 and tangible and intangible personal property included in the unit subject to central assessment.

17 (4)(a) If the property of a company is granted an exemption under this section for a property tax
18 year, the property is not eligible for any other exemption from ad valorem property taxation for the
19 property tax year.

20 (b) Notwithstanding paragraph (a) of this subsection:

21 (A) An exemption granted under ORS 308.671 to property that is granted an exemption under
22 this section shall be allowed in the manner provided under this section and ORS 308.671.

23 (B) An exemption granted under this section for a property tax year has no effect on the benefits
24 that the property of the company or the company may be granted under ORS chapter 285C or ORS
25 307.123 for the property tax year.

26 **SECTION 4.** Section 11, chapter 23, Oregon Laws 2015, is amended to read:

27 **Sec. 11.** (1) [*Sections 8 and 10 of this 2015 Act*] **ORS 308.518 and 308.519** and the amendments
28 to ORS 308.505 and 308.516 by sections 7 and 9, **chapter 23, Oregon Laws 2015,** [*of this 2015 Act*]
29 apply to property tax years beginning on or after July 1, 2015.

30 (2) [*Sections 2, 3, 5 and 6 of this 2015 Act*] **ORS 308.674** and the amendments to [*ORS 307.126*
31 *by section 4 of this 2015 Act*] **ORS 308.671 by section 4, chapter 23, Oregon Laws 2015,** apply to
32 property tax years beginning on or after July 1, 2016.

33 **SECTION 5.** **The amendments to ORS 308.519 and 308.674 and section 11, chapter 23,**
34 **Oregon Laws 2015, by sections 2 to 4 of this 2017 Act and the repeal of ORS 308.673, 308.677**
35 **and 308.681 by section 1 of this 2017 Act apply to property tax years beginning on or after**
36 **July 1, 2015.**

37 **SECTION 6.** (1) **The Task Force on Broadband Communications Infrastructure is estab-**
38 **lished.**

39 (2)(a) **The task force consists of five members appointed as follows:**

40 (A) **The President of the Senate shall appoint two members from among members of the**
41 **Senate.**

42 (B) **The Speaker of the House of Representatives shall appoint two members from among**
43 **members of the House of Representatives.**

44 (C) **The Director of the Oregon Business Development Department or a designee ap-**
45 **pointed by the director.**

1 **(b) The legislative members and the Director of the Oregon Business Development De-**
2 **partment or the director's designee may ask any other person to participate in the task force**
3 **as a nonmember, including, but not limited to, representatives of economic development or-**
4 **ganizations, local government infrastructure finance, the telehealth industry, the education**
5 **community, the broadband and telecommunications industry, rural local governments, the**
6 **Oregon Broadband Advisory Council, the office of the State Chief Information Officer and the**
7 **Regional Solutions Program.**

8 **(3) The task force shall:**

9 **(a) Study and evaluate the viability, impact and effectiveness of a property tax exemption**
10 **to provide an incentive to the development of broadband communications infrastructure that**
11 **might not otherwise occur without the exemption.**

12 **(b) Evaluate how to optimally structure a property tax exemption described in paragraph**
13 **(a) of this subsection, including, but not limited to, authorization by the Legislative Assembly**
14 **of local governments to grant a property tax exemption and a mandatory grant of an ex-**
15 **emption by the Legislative Assembly.**

16 **(c) Compare the results of the evaluation under paragraph (b) of this subsection with the**
17 **viability, impact and effectiveness of other incentives to the development of broadband**
18 **communications infrastructure, including, but not limited to:**

19 **(A) An income tax credit;**

20 **(B) Other statewide incentives; and**

21 **(C) Public-private partnerships to leverage financing of broadband communications**
22 **infrastructure.**

23 **(d) Identify potential funding mechanisms for the incentives described in paragraph (c)**
24 **of this subsection based on, but not limited to, current national best practices.**

25 **(e) Research and study the status of broadband communications infrastructure develop-**
26 **ment in Oregon, identifying strategies that communities are currently using and barriers to**
27 **the development and expansion of broadband communications infrastructure, particularly in**
28 **rural Oregon.**

29 **(f) Review the report submitted by the Oregon Business Development Department pur-**
30 **suant to section 1, chapter 432, Oregon Laws 2015, with a directive to expound upon that**
31 **report as provided in subsection (11) of this section.**

32 **(4) The task force may consult with experts, hear testimony from affected persons and**
33 **collect data and information necessary to carry out the duties of the task force.**

34 **(5) A majority of the members of the task force constitutes a quorum for the transaction**
35 **of business.**

36 **(6) Official action by the task force requires the approval of a majority of the members**
37 **of the task force.**

38 **(7) The task force shall elect one of its members to serve as chairperson.**

39 **(8) If there is a vacancy for any cause, the appointing authority shall make an appoint-**
40 **ment to become immediately effective.**

41 **(9) The task force shall meet at times and places specified by the call of the chairperson**
42 **or of a majority of the members of the task force.**

43 **(10) The task force may adopt rules necessary for the operation of the task force.**

44 **(11) The task force shall submit a report in the manner provided by ORS 192.245, and**
45 **shall include recommendations for legislation, to the interim committees of the Legislative**

1 **Assembly related to business and economic development no later than September 15, 2018.**
2 **The recommendations for legislation shall focus on providing a consistent statewide plan for**
3 **developing broadband communications infrastructure that addresses regional differences**
4 **within the state and changing communications technology.**

5 (12) **The Oregon Business Development Department shall provide staff support to the**
6 **task force.**

7 (13) **The Director of the Oregon Business Development Department is not entitled to**
8 **compensation or reimbursement for expenses and serves as a volunteer on the task force.**

9 (14) **All agencies of state government, as defined in ORS 174.111, are directed to assist**
10 **the task force in the performance of the task force's duties and, to the extent permitted by**
11 **laws relating to confidentiality, to furnish information and advice the members of the task**
12 **force consider necessary to perform their duties.**

13 **SECTION 7. Section 6 of this 2017 Act is repealed on December 31, 2018.**

14 **SECTION 8. This 2017 Act takes effect on the 91st day after the date on which the 2017**
15 **regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**

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