

Senate Bill 468

Sponsored by Senators BOQUIST, BURDICK, Representative EVANS (Presession filed.)

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 **as introduced**.

Provides that "eligible location," for purposes of certain property tax benefits, includes location not formerly used for industrial purposes. Provides that "eligible property" may be property appraised either by county or by Department of Revenue. Provides that "eligible property" includes property constructed or installed at brownfield that has been or is being cleaned up and cost of initial investment may include cleanup costs. Clarifies definition of "rural area."

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to tax benefits for certain industrial property; amending section 1, chapter 112, Oregon
3 Laws 2016; and prescribing an effective date.

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

5 **SECTION 1.** Section 1, chapter 112, Oregon Laws 2016, is amended to read:

6 **Sec. 1.** (1) As used in sections 1 to 5 [of this 2016 Act], **chapter 112, Oregon Laws 2016:**

7 (a) "Eligible location" means land and improvements that are located in a rural area. **"Eligible**
8 **location" includes a location that has not formerly been used for industrial purposes.**

9 (b)(A) "Eligible property" means improvements classified as industrial under rules established
10 by the Department of Revenue pursuant to ORS 308.215 (1)(a)(C), and associated personal property,
11 **whether appraised by the county or by the Department of Revenue, that:**

12 [(A)] (i) Are newly constructed or installed at an eligible location; and

13 [(B)] (ii) Have a cost of initial investment to the purchaser of at least \$1 million and not more
14 than \$25 million.

15 **(B) "Eligible property" includes property constructed or installed at a brownfield, as de-**
16 **defined in ORS 285A.185, that has been or is being cleaned up and the cost of initial investment**
17 **with respect to the property may include the costs of the cleanup.**

18 (c) "Qualified property" means eligible property for which an application has been approved
19 under section 2 [of this 2016 Act], **chapter 112, Oregon Laws 2016.**

20 (d) "Rural area" means an area located **in unincorporated territory or in a city with a pop-**
21 **ulation of less than 40,000 that is located** entirely outside of the urban growth [*boundary of a city*
22 *with a population*] **boundaries of any and all cities with populations** of 40,000 or more, as the
23 urban growth [*boundary is*] **boundaries are** acknowledged on the date on which an applicant sub-
24 mits an application for eligible property under section 2 [of this 2016 Act], **chapter 112, Oregon**
25 **Laws 2016.**

26 (2)(a) The governing body of a city or county may adopt an ordinance or resolution granting a
27 property tax exemption for eligible property located within the boundaries of the city or county,
28 respectively.

29 (b) The terms of the exemption must conform to the provisions of sections 1 to 5 [of this 2016

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 *Act*], **chapter 112, Oregon Laws 2016**. In addition, an ordinance or resolution adopted under this
2 subsection shall establish standards for the imposition of conditions described in section 2 (4) [*of this*
3 *2016 Act*], **chapter 112, Oregon Laws 2016**.

4 (3)(a) Qualified property must be:

5 (A) Owned or leased by the applicant filing the application under section 2 [*of this 2016 Act*],
6 **chapter 112, Oregon Laws 2016**.

7 (B) Used through the final year of exemption for the purpose, and at the location, identified in
8 the application filed under section 2 [*of this 2016 Act*], **chapter 112, Oregon Laws 2016**.

9 (b) The exemption:

10 (A) May be granted to eligible property only if the first assessment year to which the applica-
11 tion filed under section 2 [*of this 2016 Act*], **chapter 112, Oregon Laws 2016**, relates is the first
12 assessment year that begins after the eligible property was first placed in service; and

13 (B) Shall be granted only for qualified property that was first placed in service after the ordi-
14 nance or resolution was adopted.

15 (4)(a) The exemption shall be granted as a 100 percent exemption of the real market value of the
16 qualified property for any three out of five consecutive property tax years.

17 (b) Notwithstanding paragraph (a) of this subsection, the city or county may specify in the or-
18 dinance or resolution:

19 (A) A minimum cost of initial investment greater than \$1 million.

20 (B) Any number of years not greater than five for which the exemption shall be granted.

21 (C) The percentage of the real market value of the qualified property granted exemption for each
22 year.

23 (D) Different schedules in each property tax year for the years and percentages described in
24 subparagraphs (B) and (C) of this paragraph, depending on the minimum costs of initial investment
25 of the qualified property.

26 (5)(a) An ordinance or resolution adopted pursuant to this section may not take effect unless,
27 upon request of the city or county that adopted the ordinance or resolution, the rates of taxation
28 of the taxing districts whose governing bodies agree to grant the exemption, when combined with
29 the rate of taxation of the city or county, equal 75 percent or more of the total combined rate of
30 taxation on the qualified property.

31 (b) Upon the taking effect of the ordinance or resolution, the exemption shall apply to all
32 property tax levies of all taxing districts in which qualified property is located.

33 (c) The decisions of the taxing districts under paragraph (a) of this subsection may not be
34 changed but are not binding with respect to an ordinance or resolution adopted pursuant to sub-
35 section (6) of this section or a new ordinance or resolution adopted pursuant to subsection (2) of this
36 section.

37 (d) All qualified property shall be granted exemption under this section, or deferral under sec-
38 tion 3 [*of this 2016 Act*], **chapter 112, Oregon Laws 2016**, on the same terms provided in the ordi-
39 nance or resolution adopted or amended by the city or county and in effect on the date the
40 application is submitted under section 2 [*of this 2016 Act*], **chapter 112, Oregon Laws 2016**.

41 (6)(a) A city or county may adopt at any time an ordinance or resolution amending the terms
42 of an exemption granted pursuant to this section or a deferral granted pursuant to section 3 [*of this*
43 *2016 Act*], **chapter 112, Oregon Laws 2016**, subject to approval of the taxing districts under sub-
44 section (5)(a) of this section, or terminating the exemption or deferral.

45 (b) Notwithstanding an ordinance or resolution adopted under paragraph (a) of this subsection,

1 qualified property that has been granted an exemption pursuant to this section, or a deferral pur-
2 suant to section 3 [*of this 2016 Act*], **chapter 112, Oregon Laws 2016**, shall continue to receive the
3 exemption or deferral under the terms in effect at the time the exemption or deferral was first
4 granted.

5 (7) If a city or county proposes an ordinance or resolution providing for an exemption on terms
6 other than the terms provided in subsection (4)(a) of this section, the ordinance or resolution may
7 not take effect unless the governing body of the city or county, as applicable, receives testimony
8 from the county assessor at a public hearing on the question regarding the cost and administration
9 of the proposed terms of the exemption.

10 (8)(a) Qualified property granted an exemption pursuant to this section, or a deferral pursuant
11 to section 3 [*of this 2016 Act*], **chapter 112, Oregon Laws 2016**, is not eligible for any other prop-
12 erty tax exemption or special assessment.

13 (b) Otherwise eligible property that has received another property tax exemption or special as-
14 sessment is not eligible for the exemption or deferral.

15 (c) Paragraphs (a) and (b) of this subsection do not apply to the exemption granted under ORS
16 307.330.

17 **SECTION 2. This 2017 Act takes effect on the 91st day after the date on which the 2017**
18 **regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**

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