

# WILLAMETTE VALLEY

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## VINEYARDS

### **Support HB 4078 to Clarify 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.

Adoption of this program at the local level has been hampered by several questions that have been raised about the definitions and property eligibility provisions in SB 1565.

SB 4078 clarifies that:

1. Rural areas include smaller cities under 40,000 that are 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 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 HB 4078 to help make this rural investment property tax exemption program a reality.