

## **HB 4027 -3, -4 STAFF MEASURE SUMMARY**

### **House Committee On Revenue**

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**Prepared By:** Jaime McGovern, Economist

**Meeting Dates:** 2/5

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#### **WHAT THE MEASURE DOES:**

Addresses tax exemptions related to solar projects and repeals statutes related to property tax exemption on symmetrical gigabit communication services.

Changes solar project tax exemption statute from a permissive policy on the part of the governing body of the county to a requirement that states if the county has a population of less than 775,000, the governing body of the county, upon request of the solar project developer, shall enter into an agreement to exempt from taxes, for up to a maximum of 20 consecutive years, the property constituting the solar project. If the solar project is located within the boundaries of an incorporated city, the city and the county shall enter into the aforementioned agreement.

Repeals 2015 Oregon law which provided a property tax exemption for intangible value related to symmetrical gigabit investment. Allows that a Company with a gigabit project qualified by the Oregon Public Utility Commission on or before March 1, 2016 may submit a claim for a property tax credit for amounts invested by the company.

Requires that the Company would not have invested in the property but for exemption under ORS 308.677. and the investments are (1) capable of being used solely to provide symmetrical gigabit service (2) have no other uses.

Details the requirements that the Company must fulfill to receive a credit, and the requirements of the Department of Revenue in the case that a claim is filed by the company for a credit, and of the county assessor should the claim be approved.

#### **ISSUES DISCUSSED:**

##### **EFFECT OF AMENDMENT:**

-3 Extends the sunset of property tax exemption for low income rental housing by six months to July 1,2020. Clarifies that the property tax exemption, including duration, on which the exemption was granted.

-4 regarding proposed gigabit investment property tax credit, specifies eligible project installation first and last dates of April 2, 2015 and July 1, 2018. Clarifies that property tax expense, for the purpose of this bill, are not investments.

##### **BACKGROUND:**

**Solar Projects:** 2105 HB 3492 passed by the Legislative Assembly provided that the developers of solar projects and the counties in which they are located may form an agreement which exempts the property from property taxes. A portion of the solar project may be located within the boundaries of an incorporated city, however in that case, the governing body of the city must also be a party to the agreement. An in lieu of tax payment is required as part of the agreement.

**Gigabit:** 2015 SB 611 passed by the Legislative Assembly, provided for property tax exemptions on a company that invested infrastructure offering gigabit symmetrical service. A company that is designated to be centrally assessed by ORS 308.515(1) may receive an exemption if the company builds, maintains and operates a qualified project in Oregon. The company seeking qualified status must submit an application to the Public Utility Commission. The expenditure exempts value above the greater of \$250 million or the real market value of the company's real and tangible personal property.