

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
79th Oregon Legislative Assembly  
2018 Regular Session  
Legislative Revenue Office

**Bill Number:** HB 4027 - 12  
**Revenue Area:** Property tax  
**Economist:** Jaime McGovern  
**Date:** 02/21/2018

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

**Measure Description:**

Provides gigabit exemption for qualifying companies for one year and repeals related statute for all future years. Extends low income housing tax exemption program sunset by six months.

**Revenue Impact (in \$Millions):**

	Biennium		
	2017-19	2019-21	2021-23
Local Governments	0	23.3	23.3
Local Education Districts	0	11.7	11.7
<b>Total Revenue Change</b>	0	35	35

**Impact Explanation:**

Dash 12 - Gigabit: Revenue gain: Oregon Department of Revenue has denied the gigabit property tax exemption to the only two companies that applied under current law (SB 611, of the 2015 session). The “-12” amendment of this measure would give these two companies the (gigabit) exemption for 2017-2019, and then repeal ORS 308.673, 308.677 and 308.681, eliminating the tax exemption for all future years. The revenue neutrality (\$0 impact) of 2017-19 should be interpreted as DOR granting the Companies an exemption that would have been ultimately granted under current law. The revenue gains in all future biennia should be read to mean that under “-12”, DOR will no longer grant the exemption, that would have occurred under current law. Assuming the companies would have met the criteria at a later date, say 2020, then the expected revenue gain would not occur until after that date, and the current biennia would show a one-time total revenue loss approximately \$17.5 million. Since the tax exemption is based on the property tax rate based on the Oregon apportionment of the intangible value of multistate companies, this value could increase or decrease with the value of the company over time.

Housing extension: The tax exemption once granted continues for 20 years. This is a program that has been renewed multiple times. However, there has been no notification of specific projects that must be developed in that six-month window. Thus, expected revenue impact is minimal.

**Creates, Extends, or Expands Tax Expenditure: Yes  No**

The housing exemption, extends and aligns the sunset to the end of the fiscal instead of calendar year.