

HB 4027 A STAFF MEASURE SUMMARY

Carrier: Rep. Nosse

House Committee On Revenue

Action Date: 02/21/18

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 8-0-1-0

Yeas: 8 - Barnhart, Buehler, Findley, Hernandez, Marsh, Nosse, Reschke, Smith Warner

Exc: 1 - Smith G

Fiscal: No fiscal impact

Revenue: Revenue impact issued

Prepared By: Jaime McGovern, Economist

WHAT THE MEASURE DOES:

Gigabit: 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 receive a property tax exemption as it would have under SB 611.

Repeals the gigabit exemption in 2021.

Housing: Extends sunset of low income housing property tax exemption by 6 months to conform with tax year.

ISSUES DISCUSSED:

The current bill contains a one year property tax exemption for companies gigabit infrastructure, as opposed to a credit. The current bill has all solar language removed and does not include the cemetery amendment relating to property tax exemptions and clawbacks.

- What the impact of leaving the gigabit exemption as it is in current law
- Unintended consequences of the cemetery rollover exemption
- Whether there would be an impact of the 6 month low income housing extension
- Certainty vs. contingencies of repealing gigabit legislation

Other versions of the bill included language on property tax exemptions for solar facilities and cemeteries.

EFFECT OF AMENDMENT:

Replaces bill

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.