

**HB 2456 STAFF MEASURE SUMMARY**

**House Committee On Agriculture and Land Use**

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**Prepared By:** Laura Kentnesse, LPRO Analyst

**Meeting Dates:** 2/7

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**WHAT THE MEASURE DOES:**

Allows counties to rezone lands within the Eastern Oregon Border Economic Development Region from exclusive farm use to residential use, provided that: (1) the lands have not been employed for farm use in the prior three years, (2) the lands are not high-value farmland or viable for reasonably obtaining profit through farm use, (3) rezoning will not force a significant change in accepted farm or forest practices on surrounding lands devoted to those uses, (4) lands using well water are not within a critical ground water area or within an area with restricted ground water withdrawals, and (5) the lands have not been assessed as open space, riparian habitat, wildlife habitat, or conservation easement for property tax purposes in the preceding 10 years. Continues any applicable farm use tax deferrals and valuations on properties in the region until they are redeveloped for sale or five years after rezoning. Applies to property tax years beginning on or after July 1, 2020. Entitles owner to income tax credit of up to \$5,000 on sale of new residential dwelling on rezoned property. Applies to tax years beginning on or after January 1, 2020, and before January 1, 2026. Takes effect on 91st day following adjournment sine die.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

The Eastern Oregon Border Economic Development Region (Border Region) is defined by rule as the area within 20 miles of the Oregon border with the State of Idaho, that includes but is not limited to, the cities of Ontario, Vale, and Nyssa and surrounding areas. In 2017, the legislature created the Border Region designation and established the Eastern Oregon Border Economic Development Board (Board) to make recommendations to the Legislative Assembly on policies and strategies to promote workforce and economic growth (House Bill 2012). In addition, the Board was charged with identifying specific laws, rules, and regulations that place workforce or economic development efforts in the Border Region at a competitive disadvantage to similar efforts in the border region of Idaho. House Bill 2456 is a Board policy recommendation to help address a competitive disadvantage in workforce housing.

Under Statewide Planning Goal 3, counties are currently required to inventory farm land in their comprehensive plans and zone these lands for exclusive farm use (EFU). Counties are required to protect these lands from incompatible development by restricting conflicting land uses. EFU zoning and preferential farm value tax assessments for farm land were authorized by the legislature in 1961 due to concerns over loss of farm and forest land.

House Bill 2456 would: allow counties to rezone certain lands within the Eastern Oregon Border Economic Development Region from exclusive farm use to residential use, continue certain farm use tax deferrals, and establish an income tax credit for the seller of a new residential dwelling on rezoned property.