

HB 2699 -2 STAFF MEASURE SUMMARY
House Committee On Economic Development

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Sub-Referral To: House Committee On Revenue
Meeting Dates: 2/27, 3/18

WHAT THE MEASURE DOES:

Modifies brownfield property tax incentive law to specify that a brownfield property granted special assessment or full or partial exemption of improvements or personal property under the law is also eligible for any special assessment, exemption, or partial exemption for which the property is eligible. Prohibits reduction of tax liability from the total amount of special assessments, exemptions, and partial exemptions granted on a property to below zero. Reduces eligible costs used to determine property tax incentive benefit under the law by the amount of special assessments, exemptions, and partial exemptions granted outside of the law. Takes effect 91st day following adjournment sine die.

FISCAL: Has minimal fiscal impact

REVENUE: Revenue impact issued

ISSUES DISCUSSED:

- Studies for clean-up estimates and property transactions
- Preventing double dipping for clean-up costs while allowing other eligible property exemptions
- How multiple exemptions will be handled

EFFECT OF AMENDMENT:

-2 Requires the city, county, or port to specify in ordinance or resolution how multiple property tax benefits will be applied and to notify the county assessor of the intended application. Removes provision to subtract the amount of special assessments, exemptions, and partial exemptions granted from the eligible costs used to determine the property tax incentive benefit under the law.

BACKGROUND:

The Legislative Assembly enacted House Bill 4084 in 2016, authorizing certain local governments to adopt an ordinance or resolution to provide property tax incentives for any land that constitutes a brownfield located within its jurisdiction. A brownfield is a property where expansion or redevelopment is complicated by actual or perceived environmental contamination. Programs adopted by local ordinance can offer a special assessment, an exemption or partial exemption of improvements and personal property, or both, on the brownfield land. The period of the property tax incentive program is ten years, with an additional period of five years based on locally-adopted criteria. Certain properties are not eligible for the program, including property granted any other special assessment, exemption, or partial exemption. For local programs that provide for a special assessment, the specially assessed value of the land equals the real market value of the property if it were not a brownfield minus the eligible costs required to remove, contain, or treat the contamination of a brownfield. Eligible costs are reduced by the amount of any grant, tax credit, insurance proceeds, or legal settlements received for property clean up or remediation.

The 2019-2021 Tax Expenditure Report issued by the Oregon Department of Revenue describes the 2019-21 revenue impact of this program as less than \$100,000. The report also notes that since the law was enacted in 2016, it has taken local communities time to understand and implement the program. Marion County became the first to implement the program in June 2018 with the adoption of Ordinance 1390, while the City of Portland is

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still developing and drafting its ordinance.

House Bill 2699 amends the brownfield property tax incentive law to allow brownfield properties granted a tax incentive under the law to be eligible for any special assessment, exemption, or partial exemption for which the property is also eligible. The measure prohibits a reduction of tax liability from the total amount of special assessments, exemptions, and partial exemptions granted on a property to below zero, and reduces eligible costs by the amount of special assessments, exemptions, and partial exemptions granted outside of the law.