

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
80th Oregon Legislative Assembly
2019 Regular Session
Legislative Revenue Office

Bill Number: HB 2130 7
Revenue Area: Property Tax
Economist: Jaime McGovern
Date: 06/17/2019

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

Measure Description:

Creates and extends sunsets for certain property tax exemption and special assessment programs. Provides sunset for property tax exemption on land held by non-profit for low income housing to property tax year beginning 2029. Extends sunset on property tax exemption for cargo containers to 2026. Extends sunset of homestead property tax exemption for surviving spouse of fallen public safety officer to 2025. Extends 130% central assessment cap on specified entities to 2025.

Revenue Impact (in Millions \$)

| | Biennium | | |
|-----------------------------------|----------|---------|---------|
| | 2019-21 | 2021-23 | 2023-25 |
| 130% cap on intangible assets | 0 | -1.20 | -2.80 |
| Land held for low income housing | 0 | <-0.2 | <-0.2 |
| Cargo Containers | 0 | <-0.1 | <-0.1 |
| Homestead Fallen Officers Spouses | 0 | <-0.1 | <-0.1 |

Impact Explanation:

Intangible 130% central assessment cap: This caps the intangible taxable value for centrally assessed companies under OR 308.515. The tax expenditure is generated from the reduction in taxable value from data and communication companies with large intangible assets. Schools experience approximately 47% of the tax revenue loss, while general government takes 53%. In addition, approximately 15% of the total impact is shouldered by the other taxpayers in the form of bond re-allocation. The table above reflects that the first year of impact is the 2022-2023 tax year.

Land held by non-profit for low income housing: The tax expenditure for this program is minimal. Although it is not permissive, it only applies to bare land, and therefore has not historically created a revenue impact greater than \$200,000 per biennium.

Cargo containers: The tax expenditure for this program is minimal. Although it is not permissive, it has only created an exemption historically of less than \$100,000 per biennium.

Homestead for spouses of fallen public safety officers: The impact is minimal. As it is permissive, it has only been employed to create historically a revenue impact of less than \$100,000 per biennium.

Creates, Extends, or Expands Tax Expenditure: Yes No

Intangible 130% central assessment cap: The policy purpose of this measure is to provide some certainty in intangible property taxation.

Land held by non-profit for low income housing: The policy purpose of this measure is to assist in providing housing equity throughout the state and reduce homelessness.

Cargo containers: The policy purpose is to assist Oregon shipping companies in competing in a global market.

Homestead for spouses of fallen public safety officers: The policy purpose is to allow local government to help ease the burden on families that survive public servants who have fallen in the line of duty.