

HB 2684 A STAFF MEASURE SUMMARY

Carrier: Rep. Nosse, Rep. Smith
Warner

House Committee On Revenue

Action Date: 04/15/19

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

Vote: 6-0-1-0

Yeas: 6 - Findley, Hernandez, Marsh, Nathanson, Reschke, Smith Warner

Exc: 1 - Smith G

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

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Meeting Dates: 2/21, 2/25, 4/3, 4/15

WHAT THE MEASURE DOES:

Repeals property tax exemption that exists under ORS 308.677 for company that builds, maintains and operates project constituting gigabit communication services infrastructure. Applies to property tax years beginning on or after July 1, 2019.

ISSUES DISCUSSED:

- Whether SB 611 functioned as intended.
- Whether the tax exemption was a deciding factor in gigabit infrastructure investment.
- The cost of the property tax exemption to tax payers.
- The long term unknown revenue impact if other companies join in applying for the exemption.
- The cost of investments that Frontier made in gigabit infrastructure.
- The value of the property tax exemptions that have already been approved.
- What would happen to infrastructure if this bill were to pass.
- The technicalities of how fiber infrastructure operates.

EFFECT OF AMENDMENT:

Provides that for the property tax year 2019-2020 only, the eligible company's intangible property will be assessed at 75% of real market value.

BACKGROUND:

As part of an incentive to attract high speed internet to the state, the legislature passed SB 611 in 2015. The property tax exemption created in statute from that bill exempts the intangible personal property of broadband companies providing symmetrical gigabit service that qualify through the Oregon Public Utility Commission (OPUC) and the Department of Revenue. Originally Google, Comcast and Frontier applied for the exemption through the OPUC. Google never developed gigabit infrastructure here, and as part of a settlement with the Department of Revenue, Comcast agreed not to pursue the exemption. Frontier remains the sole qualifying applicant. Statewide gigabit symmetric gigabit infrastructure has not materialized. This bill would repeal the exemption going forward.