

Property Tax Exemption Policy Sunsets

A faint, light blue watermark of the State of Oregon seal is centered in the background. The seal features a central figure holding a torch and a plow, surrounded by the words "STATE OF OREGON" and a banner at the bottom.

Senate Finance and Revenue

State of Oregon

Legislative Revenue Office

December 8th, 2022



Property Tax by the numbers 2021-22

Property Value →

Assessed Value
\$479 Billion

Measure 5 Value
\$824 Billion

Exempted Value
RMV: \$204B
AV: \$19B

Taxes →

Total Tax Imposed
\$8 Billion

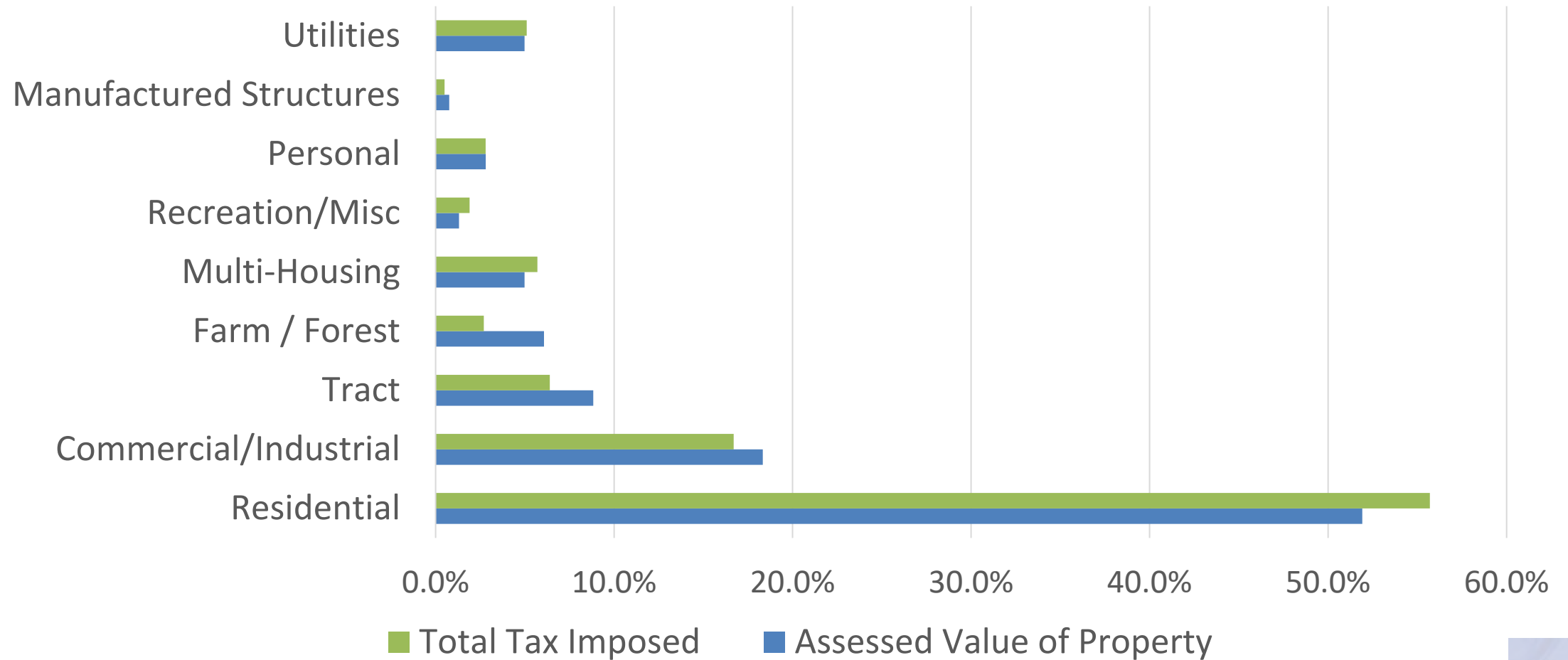
Statewide Compression
2.2%

Urban Renewal Revenue
\$274 million

Uncollected Tax
1.5%



Property AV and Tax Imposed by Class 2021-22





SUNSETTING PROPERTY TAX EXEMPTIONS





Exemptions For 2023 Session

TER #	Property Tax Exemption	Statute Ref	2021-23 Revenue Loss	2021-23 Revenue Shift
2.012	Construction in Process in an Enterprise Zone	285C.170	<\$29,200,000	<\$7,500,000
2.013	Enterprise Zone Business	285C.175	\$ 125,500,000	\$ 27,400,000
2.017	New Industrial properties	307.340 Note	\$ 600,000	\$ 100,000
2.019	Rural Renewable Enterprise Development	285c.362	\$ 8,500,000	\$ 1,000,000
2.022	Cemetery Low Income Housing	307.158	\$ -	\$ -
2.024	Federal Recreation Land	307.182	\$ 1,800,000	\$ 300,000
2.032	Food Processing	307.455	\$ 13,000,000	\$ 2,800,000
2.048	Biomass	308.521	<\$100,000	\$ -
2.101	Central Assessment Cap	308.674	\$ 3,600,000	\$ 800,000
2.102	Vertical Housing	307.864	\$ 4,000,000	\$ 1,000,000
2.103	Single Unit Housing	307.664	\$ 4,500,000	\$ 1,400,000
2.118	Surviving Spouse	307.295	<\$100,000	\$ -
2.127	Historical Property	358.505	\$ 10,300,000	\$ 3,300,000



Sample Background: TER 2.022

Transfer of Cemetery Land for Low Income Housing

ORS	307.158		Year Enacted	2018		Payment in Lieu	No
TER	2.022		Length:	Indefinite		Partial/Full	Full
			Taxing Districts	All		Application Required	Yes
			NonProfit Requirement	No		Mandatory/Local/Zone	Mandatory

Policy Purpose¹

To increase supply of low-income housing.

Description

For cemetery property currently exempt from property taxation, allows additional

Exemption Value

\$0 - Currently unutilized

Policy Analysis

The 2018 HB 4028 Established the property tax exemption that relieves property owners of the burden of additional tax imposed upon sale of cemetery property, when the property use converts to low-income housing.





Sample Background: TER 2.032

Food Processing Equipment

ORS	307.455		Year Enacted	2005		Payment in Lieu	No
TER	2.032		Length:	5 years		Partial/Full	Full
			Taxing Districts	All		Application Required	Yes
			NonProfit Requirement	No		Mandatory/Local/Zone	Mandatory

Policy Purpose

To encourage continued operation and expansion of the food processing industry in this state.

Description

The Oregon Department of Agriculture (ODA) is responsible for qualifying and certifying whether the equipment is food processing equipment that is eligible for the exemption. This is a binary process, in that the equipment either qualifies, or it does not. The list of certified equipment is then submitted to the Department of Revenue.¹ The county assessors then quantify the equipment and value to be exempted.

Policy Analysis

The use of this exemption has almost quadrupled in the past three biennia, while the number of counties where it is utilized has shrunk from 17 to 14. From the 2015-16 tax year to the 201-20 tax year, the value exempted grew from \$97 million to \$342 million. In a similar timeframe, 2015-17 saw a revenue loss of \$3.4 million (along with a \$.7 million shift to other taxpayers) while DOR estimates a revenue loss of \$13 million (with a \$2.8 million shift to other taxpayers) for 2021-23. One contributor to this increase in magnitude is the growth of the food and beverage industry in Oregon.



Other areas and policy levers

- Length of term
- Automatic sunset
- Application Required
- Local Control/Mandatory/zones
- In-lieu payment required
- Administration agency
- Exempt from taxation and or taxation
- Exempt real and personal property
- Whether there is a clawback
- Are there companion programs and/or grants





Additional Resources (hyperlink)

- [LRO](#)

- Basic Facts
 - Background on major tax areas
- Measures Passed
- Others
 - ballot measures
 - school finance
 - research reports

- DOR

- [Property Tax Statistics](#)
- [Tax expenditure report \(2.xx\)](#)

- County Assessors

- [Web Pages](#)



For More Information

- LEGISLATIVE REVENUE OFFICE
- 900 Court St. NE, Room 160
- Salem, OR 97301
- 503-986-1266
- <https://www.oregonlegislature.gov/lro>