

A-Engrossed
Senate Bill 154

Ordered by the Senate April 2
Including Senate Amendments dated April 2

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Finance and Revenue)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Extends sunset of program under which property constituting solar project may be exempt and instead pay fee in lieu of property taxes. **Provides that agreement between county and owner or person in possession or control of solar project must indicate property tax treatment of land on which solar project is located and set rate of fee within range of \$5,500 to \$7,000 per megawatt of nameplate capacity.**

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to solar projects; creating new provisions; amending sections 1 and 3, chapter 571, Oregon
3 Laws 2015; and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** Section 1, chapter 571, Oregon Laws 2015, as amended by section 1, chapter 628,
6 Oregon Laws 2019, is amended to read:

7 **Sec. 1.** (1)(a) The governing body of a county and the owner or person in possession or control
8 of a solar project located within the county and outside the boundaries of any incorporated city may
9 enter into an agreement that exempts from property taxes the property constituting the solar project
10 and allows the payment of a fee in lieu of property taxes imposed on the property.

11 **(b)** An agreement [*may not be*] entered into **under this section:**

12 **(A)** **May not be** for a term longer than 20 consecutive years;

13 **(B)** **Must indicate how the land on which the solar project is located will be treated with**
14 **respect to the exemption and fee in lieu of property taxes; and**

15 **(C)** **Must set the rate of the fee in lieu of property taxes in accordance with subsection**
16 **(2) of this section.**

17 [*(b)*] **(c)** If any portion of a solar project is located within the boundaries of an incorporated city,
18 the governing body of the county shall consult with the governing body of the city before entering
19 into an agreement under paragraph (a) of this subsection. An agreement entered into under para-
20 graph (a) of this subsection with respect to a solar project located within the boundaries of the in-
21 corporated city is not effective unless the governing body of the city is a party to the agreement.

22 **(2)** The fee in lieu of property taxes shall be computed at [*the*] **a rate [of] not less than \$5,500,**
23 **and not more than \$7,000,** per megawatt of nameplate capacity of the solar project for each prop-
24 erty tax year. Megawatt of nameplate capacity shall be carried to the third decimal place.

25 **(3)(a)** On or before December 31 preceding the first property tax year to which an agreement

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 entered into under this section relates, the owner or person in possession or control of the solar
 2 project shall file with the assessor of the county in which the solar project is located and the De-
 3 partment of Revenue a copy of the agreement and the nameplate capacity of the solar project.

4 (b) For each subsequent property tax year to which the agreement relates, the owner or person
 5 in possession or control of the solar project shall include with the statement required under ORS
 6 [308.520] **308.524** the nameplate capacity of the solar project.

7 (c) A filing made under paragraph (a) of this subsection after December 31 must be accompanied
 8 by a late fee of \$200. A filing may not be made after March 1 preceding the property tax year to
 9 which the filing relates.

10 (4)(a) For each property tax year to which an agreement relates, the department, when certify-
 11 ing and transmitting the assessment roll to the county assessors under ORS [308.505 to 308.681]
 12 **308.505 to 308.674**, shall provide the nameplate capacity of each solar project paying the fee in lieu
 13 of property taxes to each assessor of a county in which a solar project is located.

14 (b) As required under ORS 311.255, the county assessors shall extend upon the tax roll against
 15 all property constituting a solar project located in the respective counties all fees in lieu of property
 16 taxes for the property tax year. The fees shall be **apportioned and** distributed [*pursuant to the*
 17 *percentage schedules prepared under ORS 311.390*] **among the taxing districts having jurisdiction**
 18 **over the property in the proportion that each taxing district's total tax rate for the property**
 19 **tax year bears to all the taxing districts' total tax rates for the property tax year.**

20 (5)(a) If the owner or person in possession or control of a solar project that has entered into
 21 an agreement under this section fails to pay the fee as required under this section, the property
 22 constituting the solar project is not exempt for the following property tax year and shall be assessed
 23 and taxed as other similar property is assessed and taxed.

24 (b) Notwithstanding paragraph (a) of this subsection, the property shall be exempt for the fol-
 25 lowing property tax year upon payment, within one year after the date of delinquency, of the de-
 26 linquent fee plus interest at the rate prescribed in ORS 311.505 (2). Delinquent fees and interest
 27 shall be collected in the manner provided for collection of delinquent property taxes on personal
 28 property.

29 (6)(a) If the owner or person in possession or control of the solar project fails to pay the fee in
 30 lieu of property taxes for more than one year during the term of an agreement entered into under
 31 this section, notwithstanding the agreement, the property constituting the solar project shall be
 32 disqualified for the exemption and payment of the fee in lieu of property taxes.

33 (b) Property that is disqualified under this subsection shall:

34 (A) Be assessed and taxed as other similar property is assessed and taxed.

35 (B) In addition, be assessed a penalty in an amount equal to one year of the fee in lieu of
 36 property taxes for the property. The penalty assessed under this subparagraph shall be distributed
 37 in the manner described in subsection (4)(b) of this section.

38 (7)(a) Property constituting a solar project that has received an exemption under ORS 285C.350
 39 to 285C.370 or 307.123 for any property tax year is not eligible to pay a fee in lieu of property taxes
 40 under this section.

41 (b) Paragraph (a) of this subsection does not apply to property constituting a solar project that
 42 was the subject of an application filed pursuant to ORS 285C.350 to 285C.370 if the property did not
 43 receive the exemption for any property tax year. The election to pay the fee in lieu of property
 44 taxes for property described in this paragraph is not a disqualifying event.

45 **SECTION 2.** Section 3, chapter 571, Oregon Laws 2015, is amended to read:

1 **Sec. 3.** (1) Section 1, [*of this 2015 Act*] **chapter 571, Oregon Laws 2015**, is repealed on January
2 2, [2022] **2028**.

3 (2) Notwithstanding subsection (1) of this section, property constituting a solar project that is
4 exempt from property taxes under section 1, [*of this 2015 Act*] **chapter 571, Oregon Laws 2015**, on
5 the date specified in subsection (1) of this section shall continue to be exempt and to pay the fee in
6 lieu of property taxes for the term specified in the agreement entered into under section 1, [*of this*
7 *2015 Act*] **chapter 571, Oregon Laws 2015**.

8 **SECTION 3.** (1) **The amendments to section 1 (1) and (2), chapter 571, Oregon Laws 2015,**
9 **by section 1 of this 2021 Act apply to agreements for the payment of fees in lieu of property**
10 **taxes entered into pursuant to section 1, chapter 571, Oregon Laws 2015, on or after the ef-**
11 **fective date of this 2021 Act.**

12 (2) **The amendments to section 1 (4), chapter 571, Oregon Laws 2015, by section 1 of this**
13 **2021 Act apply to property tax years beginning on or after July 1, 2021.**

14 **SECTION 4.** **This 2021 Act takes effect on the 91st day after the date on which the 2021**
15 **regular session of the Eighty-first Legislative Assembly adjourns sine die.**

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