

## HB 2065 STAFF MEASURE SUMMARY

### Joint Committee On Tax Expenditures

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**Prepared By:** Beau Olen, Economist

**Meeting Dates:** 3/24

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#### **WHAT THE MEASURE DOES:**

Moves sunset date of full property tax exemption for federal land used by recreation facility operator under permit by six years, from July 1, 2024 to July 1, 2030. Takes effect January 1, 2024.

#### **ISSUES DISCUSSED:**

- Whether any recreation facility operators use this exemption, where and whom.

#### **EFFECT OF AMENDMENT:**

No amendment.

#### **BACKGROUND:**

Since counties receive 25 percent of the Special Use Permit fees required of recreational facilities on federal land, the Association of Oregon Counties (AOC) was contacted about which counties have properties that currently receive this exemption (and the revenue from 25 percent of the fees) and for which recreation facilities. However, AOC was unable to identify any counties that receive this exemption currently.

This exemption originally became law in 1975 and was allowed to sunset on June 30, 2012. In 2013, SB 549 reinstated this exemption retroactive to tax year 2012-13 and set a sunset date of June 30, 2024. The Douglas County Board of Commissioners testified in support of SB 549 on the behalf of Diamond Lake Resort, Lemolo Lake Lodge, and Steamboat Inn. Others also testified in support of the Diamond Lake Resort.

In general, when public property is held under contract of sale or is leased to a private individual or business, it is subject to property tax. With this exemption, federal government land remains exempt from property tax when occupied and used by a commercial recreation facility that pays for a Special Use Permit to use the land. Potential examples are ski resorts and lake marinas on federal land. The land is exempt but all real and personal property improvements are taxable to the taxpayer having possession of the property. Counties receive 25 percent of the fees paid by permit holders to the Forest Service.

This land has not been assessed but estimates of value have been made based on forestland class value for federal government properties and communications with the Forest Service on the facilities, locations, and permit fees of permit holders. Previously, estimates of exemption value in the Department of Revenue Tax Expenditure Report were based on data from counties, but that data was believed to be unreliable, partly because it was believed to include non-exempt improvements on the property.