## HB 2971 A    STAFF MEASURE SUMMARY

## Senate Committee On Finance and Revenue

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| **Prepared By:** | Beau Olen, Economist |
| **Meeting Dates:** | 6/21 |

**WHAT THE MEASURE DOES:**

Adds in-stream water leasing as another reason that farmland will not be disqualified from the property tax special assessment. Farmland must be used according to accepted farm practices. Requires the final order approving the in-stream lease that is issued by the Oregon Water Resources Department to be sent to the county assessor. Applies to property tax years beginning on or after July 1, 2024. Takes effect on the 91st day after sine die.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

In the farmland special assessment program, which was enacted in 1967, land used exclusively for farming may be specially assessed at its value for farm use instead of its highest and best use value. Value is based on the farmland's potential ability to generate farm income, based on soil quality and other factors. Farm activity must involve the use of the land for crops, livestock, poultry, fur bearing animals, honeybees, dairies, animal husbandry, aquatic species, or cultured Christmas trees. Farmland may also include a woodlot of 20 acres or less, wasteland, land under farm buildings, and ponds.

Legislation in 2009, 2011, and 2013 expanded eligible farm uses in the farmland special assessment. Legislation in 2009 (HB 2904) expanded eligible farm use to include the implementation of a remediation plan to remediate or mitigate severe adverse conditions on farmland. Legislation in 2011 (HB 3280) allowed the establishment of a winery for winery sales and services in land designated for Exclusive Farm Use. Legislation in 2013 (HB 2788) expanded eligible farm use to include the disposing of food by donation to a local food bank or school. Farmland can also remain in the property tax special assessment program if it is being used for a conservation easement, deed restriction, or wildlife habitat conservation and management plan.