

SB 133 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Action Date: 02/28/23

Action: Without recommendation as to passage and be referred to Tax Expenditures by prior reference.

Vote: 5-0-0-0

Yeas: 5 - Boquist, Findley, Golden, Jama, Meek

Fiscal: No fiscal impact

Revenue: Revenue impact issued

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Meeting Dates: 2/6, 2/28

WHAT THE MEASURE DOES:

Establishes an explicit sunset date of July 1, 2032 for the full exemption of property tax for property under construction within an enterprise zone. Includes grandfather clause that should this policy sunset on July 1, 2032, exempt property at that time shall remain exempt on same terms under which the exemption was granted. Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Whether this exemption is affordable and has served its purpose, further input from Joint Committee on Tax Expenditure needed.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

This policy is an extension of ORS 307.330, which grants a general exemption for property under construction. The policy in this bill pertains to property located in an enterprise zone that is not considered exempt under ORS 307.330. It applies specifically to properties that are expected to qualify for a standard enterprise zone exemption when they are completed per ORS 285C.175. This exemption originally became law in 2003 with the passage of HB 2299. ORS 307.330 was established in 1959 for commercial buildings under construction. If a property is exempt under ORS 307.330 in a subsequent year, the combined duration of the exemptions cannot exceed two consecutive years. New structures and additions are exempt if they meet several conditions, including a requirement that no part of the qualifying property is or has been in commercial service and that the purpose of the property is to produce income.