

**HB 2971 A STAFF MEASURE SUMMARY**

**Carrier:** Rep. Owens

**House Committee On Revenue**

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**Action Date:** 05/24/23

**Action:** Do Pass the A-Eng bill.

**Vote:** 7-0-0-0

**Yeas:** 7 - Levy B, Marsh, Nathanson, Nguyen D, Reschke, Smith G, Walters

**Fiscal:** Has minimal fiscal impact

**Revenue:** Revenue impact issued

**Prepared By:** Beau Olen, Economist

**Meeting Dates:** 5/9, 5/24

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**WHAT THE MEASURE DOES:**

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

**ISSUES DISCUSSED:**

- Use it or lose it provision of Oregon water law
- Instream water right and "beneficial use"
- Stream flow and ecological benefit
- Water rights appropriation
- HB 2971 accepted farm practices: weed control, dragging, aeration of soil, clip and mow

**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. HB 2904 (2009 Legislative Session) expanded eligible farm use to include the implementation of a remediation plan to remediate or mitigate severe adverse conditions on farmland. HB 3280 (2011 Legislative Session) allowed the establishment of a winery for winery sales and services in land designated for Exclusive Farm Use (EFU). HB 2788 (2013 Legislative Session) 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.