



March 5, 2024

Legislative Revenue Office

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Section Contents – SB 1526 A

| Section | Tax | Description |
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| Policy Changes | | |
| 9-10 | Income (PIT) | <u>Industrial Site Readiness Program</u> Extends sunset of initial program qualification from July 1, 2023, to December 31, 2029. Ensures \$10 million cap applies to income tax increment payments and not also to loans. Changes employment level and wage qualification language to align with available data. |
| 24-26 | Property Tax | <u>Semiconductor-related development in E-Commerce City</u> Adds semiconductor-related development activities in a designated e-commerce city to property that may qualify for a property tax exemption from three to five years under the E-Commerce provisions of the Enterprise Zone exemption. Applies to Property Tax Years beginning July 1, 2025 |
| 26a-26b | Property Tax | <u>Solar Improvement on Tribal Land</u> Expands property tax exemption for permanent improvements located on land owned by the United States and held in trust for a federally recognized Indian tribe or member, to a centrally assessed permanent solar energy project for the purpose of heating, cooling, or generating electricity within Jefferson or Wasco County. |
| 2023 Legislation Follow-Up | | |
| 2 | Income (PIT/Corp) | <u>Short-Line Railroad Tax Credit</u> Aligns applicability of tax credit policy changes made in HB 3406 (2023) with underlying sunset of tax credit as extended by HB 2071 (2023), which extended credit applicability through tax year 2029. |
| 3-4 | Property tax | <u>Collection of Property Taxes</u> Cancels outstanding, uncollectible, property taxes for port district property held by federal government under a leasehold interest. |
| 5 | PTE-ET | <u>Pass Through Entity Elective Tax (Federal SALT deduction limit workaround)</u> Aligns applicability of PTE-ET changes made by SB 1524 (2022), with underlying sunset extension of PTE-ET program which was extended through tax year 2025 by HB 2083 (2023). |

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| 6-8 | Income (PIT/Corp) | <u>Retention of Publicly Supported Housing Tax Credit</u> Adds applicability clause to tax credit created by HB 2071 (2023). Specifies tax credit is applicable for tax years 2024 through 2029. Clarifies sharing of credit certification information. |
| 29-40 | Local Taxes | <u>Jurisdiction and Appeals Process Specifications for local income taxes</u> Clarifies processes for Tax Court jurisdiction changes by 2023 HB 2576. Clarifies Tax Court jurisdiction, and appeals processes for local income taxes. Combines appeals process for income taxes and taxes reported on income tax returns even if not measured by income. Specifies that Tax Court and Circuit Courts have concurrent jurisdiction for other local tax laws. |
| Technical Changes | | |
| 11 | Property tax | <u>Cemetery Land Acquired by Charitable Institution Property Tax Exemption</u> Repeals expired exemption. |
| 12-13 | Property tax | <u>Deferral of Special Assessments for Local Improvements</u> Repeals expired deferral. Clarifies that outstanding balances remain due. Maintains ability to collect on remaining accounts. |
| 14 | Property tax | <u>Affordable Housing Covenant Property Tax Exemption</u> Changes “permanent” to “long-term” for defining period of at least 99 years. |
| 15 | Property tax | <u>Low-Income Multi-Unit Rental Housing Property Tax Exemption</u> Corrects grammar regarding whether contract was breached or terminated prematurely. |
| 16 | Property tax | <u>Assessment of Industrial Plants</u> Adds to and makes a part of ORS 308.408-308.413 |
| 17-18 | Property tax | <u>Homestead Property Tax Deferral</u> Clarifies that penalties for crime of false swearing are provided by ORS 162.075, not ORS 162.085. |
| 19 | Property tax | <u>Certain Single-Unit Housing Property Tax Exemption</u> Incorporates ORS 197.307(8)(a)-(f) (2021 Edition) into ORS 307.651 and removes cross-reference to back issue of ORS. |
| 20 | Property tax | <u>Certain Single-Unit Housing Property Tax Exemption</u> Conforms to changes in section 19 by updating the statute number which provides the construction completion deadline. |
| 21 | Property Tax | <u>Deferral of Special Assessments for Local Improvements</u> Conforms to changes in sections 12-13 by deleting reference to the option to request the release of a lien on real property. |

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| 22-22a | Property Tax | <u>Deferral of Special Assessments for Local Improvements</u> Conforms to changes in sections 12-13 by deleting references to revolving account as of July 1, 2034. |
| 23 | Property tax | <u>Deferral of Special Assessments for Local Improvements</u> Conforms to changes in sections 12-13, regarding cancellation of delinquent taxes, by deleting references to repealed deferral. |
| 27 | Kicker | <u>Administration of Non-Corporate “Kicker”</u> When applicable, Oregon law requires the Office of Economic Analysis (OEA) to notify the Department of Revenue (DOR) that a kicker has been triggered by October 1 of the odd year; then DOR must notify the public by October 15 th . This language moves the deadlines to November 1 st and 15 th , respectively. |
| 28 | CAT & State School Fund | <u>Make Office of Economic Analysis responsible for CAT transfer to SSF</u> Officially make DAS Office of Economic Analysis responsible for determining amount of CAT revenue to transfer to State School Fund. Currently statutes state LFO and LRO make the determination, although the amount is updated with OEA’s quarterly forecast. |

Changes from LC 169

The House Revenue Committee had an Informational Meeting on LC 169 in the interim (January 11, 2024), which became SB 1526. The following describes differences in SB 1526A versus LC 169.

New provisions

- Jurisdiction and Appeals Process Specifications for Local Taxes (Sections 29-40)
- Semiconductor-related development in E-Commerce City (Sections 24-26)
- Solar Improvement on Tribal Land (Sections 26a-26b)

Deleted provisions:

- ADU/Multiplex Property Tax Exemption (Clarification of 2023 legislation)
- Pass Through Entity Elective Tax (Policy Change to Federal SALT deduction Limit workaround), expansion allowing trusts to be members of pass-through entity electing to be liable for PTE-ET)
- Special Determination of Value (technical change)
- Replace Specific CAT exemptions with General Exemption (technical change)

Other changes

- Industrial Site Readiness Program (Sections 10-10a):
 - Extend sunset of program to December 31, 2029 (LC 169 was July 1, 2026)
 - Changes employment level and wage qualification language to align with available data
 - Ensures \$10 million cap applies to income tax increment payments and not also to loans
- Clarifies that balances on expired property tax deferral remain due and makes conforming changes in 2034 to maintain revolving account and allow time for collection (Sections 12-13, 22-22a)