

SB 1526 A -A9 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 3/5

WHAT THE MEASURE DOES:

This measure is an omnibus bill that makes clarifying and technical changes to income tax and property tax statutes. The policy changes in the measure include extending the industrial site readiness program, adding semiconductor-related development activities to benefits of E-Commerce city Enterprise Zone provisions, and expanding a property tax exemption to one solar project on tribal trust land.

Changes are listed by Section below.

Policy Changes

- Sections 9-10: Extends the Industrial Site Readiness Program three years by moving the sunset 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.
- Sections 24-26: 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.
- Sections 26a-26b: 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 the first completed centrally assessed permanent solar energy project for the purpose of heating, cooling, or generating electricity within Jefferson or Wasco County

2023 Legislation Follow-Up

- Section 2: Aligns applicability of the Short-Line Railroad Tax Credit policy changes made in HB 3406 (2023) with the 2029 sunset of the tax credit as extended by HB 2071 (2023).
- Sections 3-4: Cancels outstanding, uncollectible, property taxes for port district property held by the federal government under a leasehold interest.
- Section 5: Aligns applicability of the Pass Through Entity Elective Tax (PTE-ET) changes made by SB 1524 (2022), with the 2025 sunset of program as extended by HB 2083 (2023).
- Sections 6-8: Adds applicability clause to the tax credit created by HB 2071 (2023), specifying it is applicable for tax years 2024 through 2029. Clarifies sharing of credit certification information.
- Sections 29-40: 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

- Sections 11-23: Technical changes to property taxes.
- Section 27: Extends the deadline for Office of Economic Analysis (OEA) to the Department of Revenue (DOR) that a non-corporate kicker has been triggered, and the period that DOR must notify the public, by moving the deadlines one month to November 1st and 15th, respectively.
- Section 28: Specifies that OEA determines amount of CAT revenue to transfer to the State School Fund, rather than Legislative Fiscal Office and Legislative Revenue Office.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-A9 Creates property tax credit for certain members of military performing service under Title 10 of the United States Code or deployed under the Emergency Management Assistance Compact for more than 178 consecutive days, or who die during such service. Defines "credit-eligible taxes" to include operating and local option taxes, and exclude taxes for bonds. Specifies maximum credit is \$1,750 adjusted each year for inflation.

BACKGROUND:

On January 11, 2024, there were informational meetings on SB 1526 (then, LC 169) in the Senate Interim Committee on Finance and Revenue and the House Interim Committee on Revenue.

This miscellaneous bill has provisions with clarification for prior years' legislation, technical changes and policy changes. Since the first overview of the bill was presented, additional policy provisions have been proposed by amendment.

The measure includes extension of the Industrial Site Readiness program from June 2023 to December 2029. The Oregon Industrial Site Readiness Program (Program) was established in 2013 and modified by SB333 in 2017 Session, to provide financial assistance to qualified project sponsors through tax reimbursement arrangements and loans, including forgivable loans. However, the Program Loan Fund has not been capitalized to date and the Oregon Business Development Department (OBDD) has not provided loans to qualified project sponsors. Twelve Regionally Significant Industrial Sites have been designated and approved. OBDD reports that project sites represent 6,250 acres of industrial land that are expected to generate over 34,000 jobs. OBDD can enter into agreements with qualified project sponsors to reimburse eligible costs from up to 50% of the income taxes associated with reported employment increases within the zones.

The measure includes an expansion of a 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. This is intended for a project on the Warm Springs Reservation. The Salmonfly Solar and Battery Energy Storage project, which is a 250 MW photovoltaic solar and 250 MW battery energy storage project being developed by BrightNight Power on the Warm Springs Reservation. The project will utilize between 1,500-2,000 acres of dry grazing land that has been identified by the Tribe for potential solar development. BrightNight has been working with the Tribe's utility, Warm Springs Power & Water, to evaluate and develop the project over the last 3 years. The project has begun environmental permitting and detailed design with the goal of starting construction in 2025.

The measure 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. North Plains is the only designated e-commerce city, though there are 14 other e-commerce zones reported by OBDD.