

Enrolled Senate Bill 347

Sponsored by Senator SMITH DB; Senator PHAM K, Representatives LEVY B, WRIGHT (Pre-session filed.)

CHAPTER

AN ACT

Relating to farm use land used for illegal growing of marijuana; creating new provisions; amending ORS 308A.083, 308A.703, 308A.706 and 475C.421; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Section 2 of this 2025 Act is added to and made a part of ORS 308A.050 to 308A.128.

SECTION 2. (1) This section applies to:

- (a) Land within an exclusive farm use zone qualified for special assessment under ORS 308A.062; and
- (b) Nonexclusive farm use zone farmland qualified for special assessment under ORS 308A.068.

(2) Land described in subsection (1) of this section shall be disqualified from the special assessment upon either of the following outcomes against the owner of the land, or the person with legal possession and control of the land, based on conduct constituting illegal growing of marijuana on that land:

- (a) An order imposing a civil penalty becoming final by operation of law or on appeal in accordance with ORS 183.745.
- (b) Entry of a final judgment of conviction.

(3) Notwithstanding subsection (2) of this section, land shall not be disqualified from special assessment under this section if the landowner, or other person obligated to pay ad valorem property taxes on the land:

- (a) Reasonably lacked knowledge of the illegal growing of marijuana on the land;
- (b) Notified a law enforcement agency as soon as practicable after the date on which the landowner or other person knew or should have known that illegal growing of marijuana was occurring on the land; or
- (c) Acquired the land in an arm’s-length transaction in the period between the date on which a civil penalty was imposed or a criminal complaint upon which the final judgment of conviction is based was filed and the date on which an order or a final judgment described in subsection (2) of this section was issued or entered.

(4)(a) Notwithstanding any provision of ORS 308.210, 308A.056, 308A.062, 308A.068, 308A.071, 308A.113, 308A.116, 308A.718, 308A.724, 311.405 or 311.410 to the contrary, disqualification under subsection (2) of this section shall be deemed to have occurred as of the January 1 assessment date of the earlier of the assessment year in which a civil penalty was

imposed or a criminal complaint upon which the final judgment of conviction is based was filed.

(b) The disqualification shall apply to the portion of the land that is granted special assessment under a program referred to in subsection (1) of this section only for the year in which the disqualification is deemed to have occurred under paragraph (a) of this subsection.

(c) The county assessor shall correct the tax roll for the year in which the disqualification is deemed to have occurred.

(5) Upon disqualification, additional taxes shall be determined as provided in ORS 308A.700 to 308A.733.

(6) As used in this section:

(a) "Final judgment of conviction" means a criminal judgment for which the time to appeal has expired without any party filing an appeal or that is not subject to further appeal or review.

(b) "Illegal growing of marijuana" means the production of marijuana in a manner or place that subjects the production or producer to civil or criminal enforcement under ORS 475C.005 to 475C.525.

SECTION 3. ORS 308A.703 is amended to read:

308A.703. (1) This section applies to land upon the land's disqualification from special assessment under any of the following sections:

- (a) Exclusive farm use zone farmland under ORS 308A.113 **or section 2 of this 2025 Act**;
- (b) Nonexclusive farm use zone farmland under ORS 308A.116 **or section 2 of this 2025 Act**;
- (c) Western Oregon designated forestland under ORS 321.359;
- (d) Eastern Oregon designated forestland under ORS 321.842;
- (e) Wildlife habitat special assessment under ORS 308A.430; or
- (f) Conservation easement special assessment under ORS 308A.465.

(2) Following a disqualification listed in subsection (1) of this section, an additional tax shall be added to the tax extended against the land on the next assessment and tax roll, to be collected and distributed in the same manner as other ad valorem property tax moneys. The additional tax shall be equal to the difference between the taxes assessed against the land and the taxes that would otherwise have been assessed against the land, for each of the number of years determined under subsection (3) of this section.

(3) The number of years for which additional taxes shall be calculated shall equal the lesser of the number of consecutive years the land had qualified for the special assessment program for which disqualification has occurred or:

(a) Ten years, in the case of exclusive farm use zone farmland, but only if the land, immediately following disqualification, remains outside an urban growth boundary;

(b) Ten years, in the case of wildlife habitat special assessment land within an exclusive farm use zone, but only if the land, immediately following disqualification, remains outside an urban growth boundary;

(c) Ten years, in the case of conservation easement special assessment land within an exclusive farm use zone, but only if the land, immediately following disqualification, remains outside an urban growth boundary; [or]

(d) Five years, in the case of:

- (A) Nonexclusive farm use zone farmland;
- (B) Western Oregon designated forestland;
- (C) Eastern Oregon designated forestland;

(D) Exclusive farm use zone farmland that is not described in paragraph (a) of this subsection;

(E) Wildlife habitat special assessment land that is not described in paragraph (b) of this subsection; or

(F) Conservation easement special assessment land that is not described in paragraph (c) of this subsection[.]; **or**

(e) Notwithstanding paragraphs (a) and (d) of this subsection, 10 years in the case of exclusive farm use zone farmland and nonexclusive farm use zone farmland disqualified under section 2 of this 2025 Act.

(4)(a) Except as provided in paragraph (b) of this subsection, if disqualification under subsection (1)(a) or (b) of this section occurs within five years after the end of a period of farm use special assessment pursuant to a remediation plan as defined in ORS 308A.053, the number of years for which the additional tax shall be calculated shall be the number of years determined under subsection (3) of this section plus the number of years during which farm use special assessment was granted pursuant to the remediation plan.

(b) Additional tax may not be collected for the number of years during which farm use special assessment was granted pursuant to the remediation plan if the plan:

- (A) Is implemented in good faith; and
- (B) Fails to render continued farm use practicable.

(5) The additional taxes described in this section shall be deemed assessed and imposed in the year to which the additional taxes relate.

(6) If the disqualification of the land is the result of the sale or transfer of the land to an ownership making the land exempt from ad valorem property taxation, the lien for additional taxes shall attach as of the day preceding the sale or transfer.

(7) The amount determined to be due under this section may be paid to the tax collector prior to the time of the next general property tax roll, pursuant to the provisions of ORS 311.370.

SECTION 4. ORS 308A.706 is amended to read:

308A.706. (1) Notwithstanding that land is disqualified from special assessment, the additional taxes described under ORS 308A.703 may not be imposed and shall remain a potential tax liability if, as of the date the disqualification is taken into account on the assessment and tax roll, the land is any of the following:

(a) Disqualified exclusive farm use zone farmland or nonexclusive farm use zone farmland that:

(A) Is not being used as farmland; and

(B) Is not being used for industrial, commercial, residential or other use that is incompatible with a purpose to return the land to farm use.

(b) Acquired by a governmental agency or body as a result of an exchange of the land for land of approximately equal value held by the governmental agency or body.

(c) Acquired and used for natural heritage purposes and all of the following additional requirements are met:

(A) The land is registered under ORS 273.581 as a state natural area;

(B) The land is acquired by a private nonprofit corporation;

(C) The land is retained by the corporation, or transferred to the state by the corporation, for the purpose of educational, scientific and passive recreational use consistent with conservation of the ecological values and natural heritage resources of the area;

(D) If the land is retained by the corporation, it remains open to the public without charge for the uses described in subparagraph (C) of this paragraph; and

(E) The land is managed pursuant to a voluntary management agreement under ORS 273.581 (5).

(d) Qualified for special assessment under:

(A) ORS 308A.062, relating to farm use special assessment of land in an exclusive farm use zone;

(B) ORS 308A.068, relating to farm use special assessment of nonexclusive farm use zone farmland;

(C) ORS 321.358, relating to classification as designated forestland in western Oregon;

(D) ORS 321.839, relating to classification as designated forestland in eastern Oregon;

(E) ORS 321.709, relating to qualification as small tract forestland;

(F) ORS 308A.424, relating to wildlife habitat special assessment; or

(G) ORS 308A.456, relating to conservation easement special assessment.

(e) Disqualified nonexclusive farm use zone farmland, to the extent the additional taxes are deferred or abated as provided in ORS 308A.119.

(2) This section does not apply to the additional taxes imposed under:

(a) ORS 308A.703 (4)(a) for the number of years during which farm use special assessment was granted pursuant to a remediation plan as defined in ORS 308A.053.

(b) **Section 2 of this 2025 Act.**

(3) In any case where the additional tax is deferred under the provisions of this section but may subsequently be imposed under ORS 308A.712, the county assessor shall continue to enter the notation “potential additional tax liability” on the assessment and tax roll.

SECTION 5. ORS 475C.421 is amended to read:

475C.421. (1) The county courts, district attorneys and municipal authorities, immediately upon the conviction of a licensee of a violation of ORS 475C.005 to 475C.525, or of a violation of any other law of this state or ordinance of a city or county located in this state an element of which is the possession, delivery or manufacture of a marijuana item, shall notify the Oregon Liquor and Cannabis Commission of the conviction.

(2) **Immediately upon a judicial outcome subject to notice in the case of a licensee, or a person required to be licensed under ORS 475C.005 to 475C.525, for a violation subject to notice, the county courts, district attorneys and municipal authorities shall notify the commission, each county assessor having jurisdiction over the farmland on which the prohibited conduct occurred and the Department of Revenue of the judicial outcome subject to notice and the location of the farmland.**

(3) **As used in this section:**

(a) **“Final judgment of conviction” has the meaning given that term in section 2 of this 2025 Act.**

(b) **“Illegal growing of marijuana” has the meaning given that term in section 2 of this 2025 Act.**

(c) **“Judicial outcome subject to notice” means the issuance of an order imposing a civil penalty, or the entry of a final judgment of conviction, as described in section 2 (2) of this 2025 Act.**

(d) **“Violation subject to notice” means a violation of ORS 475C.005 to 475C.525, or a violation of any other law of this state or ordinance of a city or county located in this state, an element of which is the illegal growing of marijuana on farmland.**

SECTION 6. ORS 308A.083 is amended to read:

308A.083. In the case of exclusive farm use zone farmland that qualifies for special assessment under ORS 308A.062 or nonexclusive farm use zone farmland that qualifies for special assessment under ORS 308A.068, the county assessor shall enter on the assessment and tax roll the notation “potential additional tax liability” until the land is disqualified under ORS 308A.113 or 308A.116 or **section 2 of this 2025 Act.**

SECTION 7. Section 2 of this 2025 Act and the amendments to ORS 308A.083, 308A.703, 308A.706 and 475C.421 by sections 3 to 6 of this 2025 Act apply to conduct constituting illegal growing of marijuana that occurs on or after the effective date of this 2025 Act.

SECTION 8. This 2025 Act takes effect on the 91st day after the date on which the 2025 regular session of the Eighty-third Legislative Assembly adjourns sine die.

Passed by Senate June 3, 2025

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Obadiah Rutledge, Secretary of Senate

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Rob Wagner, President of Senate

Passed by House June 19, 2025

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Julie Fahey, Speaker of House

Received by Governor:

.....M,....., 2025

Approved:

.....M,....., 2025

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Tina Kotek, Governor

Filed in Office of Secretary of State:

.....M,....., 2025

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Tobias Read, Secretary of State