

**76TH OREGON LEGISLATIVE ASSEMBLY
2012 Regular Session
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE**

**MEASURE: SB 1529 - A
CARRIER: Rep. Brewer**

**REVENUE: Revenue Impact Statement Issued
FISCAL: Minimal Fiscal Impact**

Action: Do Pass
Vote: 7-0-1
Yeas: Bentz, Brewer, Gelser, Read, Wand, Barnhart, Berger
Nays: 0
Exc.: Bailey

Prepared By: Christine Broniak, Economist
Meeting Dates: 2/13, 2/15

WHAT THE BILL DOES: Requires Department of Revenue to establish separate classes for real property machinery and equipment. Establishes separate classes for all machinery and equipment, for state assessed industrial property under ORS 306.126, and for industrial and commercial property combined. Changes collection proceedings for machinery and equipment accounts that have delinquent taxes to allow for warrant and seizure of the machinery and equipment. Clarifies language that separates machinery and equipment, state-assessed industrial properties, and locally-assessed commercial and industrial properties into their respective classes.

ISSUES DISCUSSED:

- Rule changes affecting commercial and industrial properties
- Depreciation on machinery and equipment

EFFECT OF COMMITTEE AMENDMENTS:

BACKGROUND: Currently, machinery and equipment is grouped into the industrial property class. The changed property ratio (CPR) in the industrial class is higher due to including machinery and equipment. Removing the machinery and equipment results in lower changed property ratios for the industrial class. The commercial class also has its own grouping for calculation of a commercial CPR, which tends to be lower than the industrial CPR. This class would be combined with locally assessed industrial property, raising its CPR. State-assessed industrial property, without its machinery and equipment, would be in a separate class. The CPR of this group would rise due to ungrouping it from other industrial properties which tend to have lower CPRs. The CPR is applied to arrive at a new maximum assessed value if new properties or improvements are added to the roll. A higher CPR results in a higher assessed value and higher taxes.

Groupings before this measure as amended:

Commercial Properties with their Machinery and Equipment
Industrial Properties with their Machinery and Equipment

Groupings with this measure as amended:

Commercial and Industrial Properties
Machinery and Equipment
State-assessed Industrial Properties

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Under current law, the only way for counties to recover machinery and equipment is through a foreclosure process. If this is the only interest in the property tax account, it may be depreciated heavily by the time this 6-year process is completed. This measure would extend the ability to collect this machinery and equipment through a warrant and seizure process, making it less likely to be depreciated or removed by the time it is collected.