

**76TH OREGON LEGISLATIVE ASSEMBLY
2012 Regular Session
STAFF MEASURE SUMMARY
SENATE FINANCE AND REVENUE COMMITTEE**

**MEASURE: SB 1532 A
CARRIER: Sen. Burdick**

REVENUE: Indeterminate Revenue Impact, no statement issued

FISCAL: No Fiscal Impact

Action: Do Pass with Amendments and be Printed A Engrossed

Vote: 4-0-0

Yeas: Hass, Morse, Telfer, Burdick

Nays:

Exc.:

Prepared By: Paul Warner, Economist

Meeting Dates: 2/6, 2/10

WHAT THE BILL DOES: Clarifies that a company that is an owner or lessee of a data center is not a centrally assessed property under ORS 308.515 if certain conditions are met. The conditions are that the company has invested in a data center or related property, the property is part of an enterprise zone agreement and the data center investment represents more than 95% of total property owned in the state. Applies to property tax years beginning on or after July 1, 2012.

ISSUES DISCUSSED:

- Size and reasons for Facebook data center investment in central Oregon.
- Impact of Facebook investment on the central Oregon economy.
- Definition of communications companies and the impact of changing technology on statutes defining communications companies.
- Impact of including intangible property in property tax base for centrally assessed properties.

EFFECT OF COMMITTEE AMENDMENTS: -3 amendment replaces the bill.

BACKGROUND: In 2011, the Department of Revenue reviewed the statutory definition of communications and determined that Facebook Company met the definition of a communications company. Under current law, this means that a company would be centrally assessed by the Department of Revenue. This determination raised a series of issues because it is the first time a centrally assessed property was located in an enterprise zone. Facebook built a data center in an enterprise zone in central Oregon. Other information service providing companies could be affected as well. The decision to centrally assess a property can have a major impact on property tax liability because the intangible property of centrally assessed companies is included in the tax base. This is not the case for locally assessed property.

In early 2012 the Department of Revenue issued a clarifying temporary rule (150-308-505(3)) defining "data transmission services". This temporary rule would clarify that the Facebook data center property located in central Oregon would not be centrally assessed.

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