Seventy-Eighth Oregon Legislative Assembly - 2015 Regular Session **MEASURE: SB 938**

PRELIMINARY STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Fiscal: May have fiscal impact, but no statement yet issued

Revenue: May have revenue impact, but no statement yet issued

Action Date:

Action:

Meeting Dates: 04/07

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WHAT THE MEASURE DOES:

Allows county, by ordinance or resolution, to allow property tax exemption for newly constructed or installed industrial improvements. Qualifying industrial improvements must have a minimum real market value between $2 to $10 million. Exemption is allowed for a period of three to five years at a declining percentage of assessed value. Requires county to specify number of years exemption is available and declining percentage to be applied to assessed value. Allows county at any time to amend or terminate exemption but requires industrial improvements receiving exemption to continue receiving exemption pursuant to the terms in effect at time exemption was first granted to property. Requires county to grant exemption on same terms to all eligible industrial improvements. County may allow exemption for property tax years beginning on or after July 1, 2014. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Other wineries that would be impacted or related/interconnected industries
- Discretion of county in deciding whether to implement exemption, and ability of county to adjust parameters
- Exemption would essentially phase-in property taxes related to new industrial property improvements
- Number of vineyards located within city boundaries
- Permissive economic solutions/tools available to counties and rural areas
- District taxes to which exemption applies to.

EFFECT OF COMMITTEE AMENDMENT:

-2 Replaces content of bill. Allows county, by ordinance or resolution, to allow property tax exemption for newly constructed or installed industrial improvements. Exemption granted beginning with the first property tax year following adoption of ordinance or resolution and is available only for newly constructed or installed industrial improvements first placed in service after the ordinance or resolution is adopted. Requires adopted ordinance or resolution to conform to exemption parameters contained in measure. Required parameters include qualifying industrial improvements to have minimum real market value, at time improvements are first placed in service, between $2 million and $25 million and exemption allowed for a period of three to five years at a declining percentage of assessed value. Exemption applies to tax levy of city or county that adopted ordinance or resolution and to all taxing district in which property granted exemption is located if district governing bodies comprising 51 percent or more of the total combined rate of taxation agree to grant exemption. Requires all eligible property for which an application has been approved to be granted exemption under same terms as all other qualifying property approved under the same ordinance or resolution. Allows county or city to at any time amend or terminate exemption but requires industrial improvements receiving exemption to continue receiving exemption pursuant to the terms in effect at time exemption was first granted to property. Requires city or county granting exemption to prescribe application forms and respective responsibilities of the city, county and county assessor. Property prohibited from receiving exemption under certain circumstances. Allows exemption to apply to newly constructed or installed industrial improvements for which the first assessment year was January 1, 2014 or January 1, 2015 and requires exemption schedule to be applied beginning as of first assessment date. Prohibits new ordinances or resolutions on or after January 2, 2026. Takes effect 91 days following adjournment sine die.

-3 Creates Task Force on the Taxation of the Property of Nonprofit Corporations. Task force to consist of at minimum one member from Senate Finance and Revenue and one member from House Revenue Committee. Requires Legislative Revenue Officer to provide staff support. Requires task force to study issues relating to taxation and exemption of property owned, leased or used by nonprofit corporations. Requires task force to submit update to interim committees on revenue on or before December 1, 2015 and full report to Senate and House Revenue committees as soon as practicable after February 1, 2016.

-4 Expands existing property tax exemption available to charitable, literary and scientific organizations to include real and personal property owned or leased by a history museum or science museum if property is used to fulfill the mission of the museum and is used or occupied for one or more specific qualifying purposes. Qualifying purposes include: food service facility or concession, retail store, parking lot, theater located in a museum, unimproved land that is not specially assessed, displays, storage areas, and educational classrooms or meeting areas. Defines history museum or science museum as nonprofit corporation organized to display historical or scientific exhibits, or both, to the public. Specifies that exemption does not apply to property used or occupied as a hotel, water park, chapel or for any commercial enterprise. Applies to property tax years beginning on or after July 1, 2015. Removes language changes from ORS 307.130 for property tax years beginning on or after July 1, 2019.

BACKGROUND:
In FY 2013-14, state appraised industrial property, which is industrial property with a improvement value of $1 million or more, represented about 4% ($220 million) of the total $5.5 billion in property taxes imposed. In FY 2013-14, there were roughly 2,500 centrally assessed industrial property accounts located at nearly 900 sites.