HB 2699 A   STAFF MEASURE SUMMARY

House Committee On Economic Development

Action Date:	03/18/19
Action:	Do pass with amendments
	and be referred to Revenue by prior reference. (Printed A-Eng.)
Vote:	10-0-1-0
Yeas:	10 - Barreto, Bonham, Drazan, Fahey, Helm, Lively, McKeown, McLain, Wallan, Witt
Exc:	1 - Marsh
Fiscal:	Fiscal impact issued
Revenue:	Revenue impact issued
Prepared By:	Melissa Leoni, LPRO Analyst
Meeting Dates:	2/27, 3/18

WHAT THE MEASURE DOES:

Modifies brownfield property tax incentive law to specify that a brownfield property granted property tax benefits under the law may also be granted any other special assessment, exemption, or partial exemption for which the property is eligible. Prohibits total amount of all special assessments, exemptions, and partial exemptions granted to property from reducing property tax liability to below zero. Requires city, county, or port to specify in ordinance or resolution how multiple property tax benefits will be applied and to notify county assessor of intended application. Takes effect 91st day following adjournment sine die.

ISSUES DISCUSSED:
*   Studies for clean-up estimates and property transactions
*   Preventing double dipping for clean-up costs while allowing other eligible property exemptions
*   How multiple exemptions will be handled

EFFECT OF AMENDMENT:

Requires city, county, or port to specify in ordinance or resolution how multiple property tax benefits will be applied and to notify county assessor of intended application. Removes provision to subtract amount of special assessments, exemptions, and partial exemptions granted from eligible costs used to determine property tax incentive benefit under the law.

BACKGROUND:

The Legislative Assembly enacted House Bill 4084 in 2016, authorizing certain local governments to adopt an ordinance or resolution to provide property tax incentives for any land that constitutes a brownfield located within its jurisdiction. A brownfield is a property where expansion or redevelopment is complicated by actual or perceived environmental contamination. Programs adopted by local ordinance can offer a special assessment, an exemption or partial exemption of improvements and personal property, or both, on the brownfield land. The period of the property tax incentive program is ten years, with an additional period of five years based on locally-adopted criteria. Certain properties are not eligible for the program, including property granted any other special assessment, exemption, or partial exemption.

For local programs that provide for a special assessment, the specially assessed value of the land is the real market value of the property if it were not a brownfield less the eligible costs required to remove, contain, or treat the contamination of a brownfield. Eligible costs are reduced by the amount of any grant, tax credit, insurance proceeds, or legal settlements received for property clean-up or remediation.

The 2019-2021 Tax Expenditure Report issued by the Oregon Department of Revenue describes the 2019-21 revenue impact of this program as less than $100,000. The report also notes that since the law was enacted in

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This summary has not been adopted or officially endorsed by action of the committee.

2016, it has taken local communities time to understand and implement the program. Marion County became the first to implement the program in June 2018 with the adoption of Ordinance 1390, while the City of Portland is still developing and drafting its ordinance.

House Bill 2699-A modifies the brownfield property tax incentive law to specify that a brownfield property granted property tax benefits under the law may also be granted any other special assessment, exemption, or partial exemption for which the property is eligible. The measure prohibits the total amount of all special assessments, exemptions, and partial exemptions granted to a property from reducing the property tax liability to below zero. The measure also requires a city, county, or port to specify in ordinance or resolution how the multiple property tax benefits will be applied and to notify the county assessor of the intended application.