

HB 2456 A STAFF MEASURE SUMMARY

House Committee On Agriculture and Land Use

Action Date: 04/09/19

Action: Without recommendation as to passage, with amendments, and be referred to Revenue.
(Printed A-Eng.)

Vote: 5-1-1-0

Yeas: 5 - Clem, Helm, Post, Smith DB, Williams

Nays: 1 - McLain

Exc: 1 - Boshart Davis

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

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Meeting Dates: 2/7, 4/9

WHAT THE MEASURE DOES:

Allows counties that have established a review board to rezone lands within the Eastern Oregon Border Economic Development Region (Border Region) from exclusive farm use (EFU) to allow the development of one residential unit per lot or parcel of two acres or more, provided that: (1) the lands have not been employed for farm use in the prior three years; (2) the lands are not high-value farmland, predominantly composed of Class I, II, or III soils, or viable for reasonably obtaining profit through farm use; (3) rezoning will not force a significant change in accepted farm or forest practices on surrounding lands devoted to those uses; (4) lands using well water are not within a critical ground water area or within an area with restricted ground water withdrawals; (5) the property owner agrees, as a condition of rezoning, to sign and record an irrevocable deed restriction acknowledging the protected rights of farm, forest, and rangeland practices and waiving certain claims alleging injury from the same; (6) the rezoning complies with any other criteria adopted by the county; (7) no more than 200 rezoned acres may be approved in total; (8) the rezoning has received a public hearing and a written opinion from a review board; and (9) the lands have not been assessed as open space, riparian habitat, wildlife habitat, or conservation easement for property tax purposes in the preceding 10 years. Requires the county to file a statement with the county assessor listing rezoned tax lots and the effective date. Allows counties within the Border Region to establish a four-member review board as specified, to examine each petition to rezone EFU land to allow certain residential development and to conduct at least one public hearing. Requires that the review board provide a written opinion to the county, and specifies that opinions are not land use decisions subject to appeal. Sunsets rezoning and review board provisions January 2, 2030, and specifies that the sunset does not invalidate or provide a basis to challenge rezoned lands. Continues any applicable farm use tax deferrals and valuations on properties in the region until the property tax year beginning the earliest of: July 1 following the issuance of an occupancy permit for a newly constructed dwelling, July 1 following five years after rezoning, or July 1, 2030. Establishes that such deferrals apply to tax years beginning on or after July 1, 2020 and before July 1, 2031, and sunsets January 2, 2032. Entitles the owner to an income tax credit of up to \$5,000 on the sale of a new residential dwelling on rezoned property, applicable to tax years beginning on or after January 1, 2020, and before January 1, 2026. Takes effect on the 91st day following adjournment *sine die*.

ISSUES DISCUSSED:

- Purpose of Eastern Oregon Border Economic Development Board established in House Bill 2012 (2017)
- Competitive disadvantage with Idaho border communities in regards to workforce and economic development
- Differences in agricultural practices and landscapes in eastern and western Oregon
- High-value farmland protection

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- Recommendation to remove certain tax incentives in the House Committee on Revenue

EFFECT OF AMENDMENT:

Allows counties within the Border Region to establish a four-member review board as specified, to examine each petition to rezone EFU land to allow certain residential development and to conduct at least one public hearing. Requires the establishment of a review board in order to rezone EFU lands in the Border Region. Requires that the review board provide a written opinion to the county, and specifies that opinions are not land use decisions subject to appeal. Limits residential zoning to only allow the development of one residential unit per lot or parcel of two acres or more. Establishes additional criteria for lands to be eligible for rezoning: the land cannot be predominantly composed of Class I, II, or III soils; the property owner agrees, as a condition of rezoning, to sign and record an irrevocable deed restriction acknowledging the protected rights of farm, forest, and rangeland practices and waiving certain claims alleging injury from the same; the rezoning must comply with any other criteria adopted by the county; no more than 200 rezoned acres may be approved in total; and rezoning must have a public hearing and a written opinion from a review board. Sunsets rezoning and review board provisions on January 2, 2030. Specifies that the sunset does not invalidate or provide a basis to challenge rezoned lands. Adjusts timing of termination of any applicable farm use tax deferrals and valuations on properties in the Border Region to the earliest of: July 1 following the issuance of an occupancy permit for a newly constructed dwelling, July 1 following five years after rezoning, or July 1, 2030. Specifies that such deferrals apply to tax years beginning on or after July 1, 2020 and before July 1, 2031, and sunsets January 2, 2032.

BACKGROUND:

In 2017, the legislature created the Eastern Oregon Border Economic Development Region (Border Region) and established the Eastern Oregon Border Economic Development Board (Board) to recommend policies and strategies to the Legislative Assembly for promoting workforce and economic growth (House Bill 2012). The Border Region is defined by rule as the area within 20 miles of the Oregon border with Idaho, that includes the cities of Ontario, Vale, and Nyssa. The Board was also charged with identifying specific laws, rules, and regulations that place workforce or economic development efforts in the Border Region at a competitive disadvantage compared to similar efforts in the border region of Idaho. House Bill 2456 A represents a recommendation by the Board to address a competitive disadvantage in workforce housing.

Under Statewide Land Use Planning Goal 3, counties are currently required to include an inventory of farm land in their comprehensive plans and zone these lands for exclusive farm use (EFU) to protect them from incompatible uses. EFU zoning and preferential farm value tax assessments for farm land were authorized by the legislature in 1961 due to concerns over loss of farm and forest land.

House Bill 2456 A would: allow Border Region counties that have established a review board to rezone certain EFU lands for residential use, continue certain farm use tax deferrals, and establish an income tax credit for the seller of a new residential dwelling on rezoned land.