

HB 2684 A STAFF MEASURE SUMMARY

Carrier: Sen. Bentz

Senate Committee On Finance and Revenue

Action Date: 05/14/19

Action: Do pass the A-Eng bill.

Vote: 5-0-0-0

Yeas: 5 - Bentz, Boquist, Hass, Riley, Taylor

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

Prepared By: Jaime McGovern, Economist

Meeting Dates: 5/14

WHAT THE MEASURE DOES:

Repeals property tax exemption that exists under ORS 308.677 for company that builds, maintains and operates project constituting gigabit communication services infrastructure. Provides that for the property tax year 2019-2020 only, the eligible company's intangible property will be assessed at 75% of real market value. Applies to property tax years beginning on or after July 1, 2019.

ISSUES DISCUSSED:

- The amount of money spent under this program.
- That this bill produces a revenue gain.
- That other companies have been eligible and could be eligible in the future for the exemption.
- The amount of property tax exemption that has been granted up until present.
- The effects of SB 611 (2016).

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

As part of an incentive to attract high speed internet to the state, the legislature passed SB 611 in 2015. The property tax exemption created in statute from that bill exempts the intangible personal property of broadband companies providing symmetrical gigabit service that qualify through the Oregon Public Utility Commission (OPUC) and the Department of Revenue. Originally Google, Comcast and Frontier applied for the exemption through the OPUC. Google never developed gigabit infrastructure here, and as part of a settlement with the Department of Revenue, Comcast agreed not to pursue the exemption. Frontier remains the sole qualifying applicant. Statewide gigabit symmetric gigabit infrastructure has not materialized. This bill would repeal the exemption going forward.