

## HB 2507 STAFF MEASURE SUMMARY

### House Committee On Revenue

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**Prepared By:** Chris Allanach, Legislative Revenue Officer

**Sub-Referral To:** Joint Committee On Tax Expenditures

**Meeting Dates:** 2/15

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#### **WHAT THE MEASURE DOES:**

Allows property that is exempt under ORS 307.580 (industry apprenticeship or training trust property) to be occasionally used by an entity that is exempt from federal income taxation. Requires the usage to be the same as that required for the income tax exemption. Limits use to no more than seven consecutive days or a cumulative total of 30 days in any given property tax year. Applies to tax years beginning on or after July 1, 2023. Takes effect on 91st day following adjournment sine die.

#### **ISSUES DISCUSSED:**

##### **EFFECT OF AMENDMENT:**

No amendment.

##### **BACKGROUND:**

As described in the 2023-25 Tax Expenditure Report (TER 2.018), real and personal property owned, held under contract of sale, or leased by an industry apprenticeship or training trust is exempt from property taxation. To qualify, the following conditions must be met:

- The trust is organized only for assisting or implementing training programs according to ORS Chapter 660, Apprenticeship and Training
- The property is used exclusively and actively in training
- The trust is exempt from federal income taxes, and
- The trust does not discriminate based on age, race, religion, sex, or national origin.

Statute does not contain a policy purpose for this exemption, but the TER suggests that the purpose may be "...to provide equity between training trusts and other private schools. Trusts cannot qualify for an exemption under other statutes because they are not incorporated and are prevented from doing so by federal regulation." The report includes a 2023-25 estimated loss of property taxes to local governments of \$1.5 million and a shift of property taxes to taxable owners of \$0.4 million.