

**REVENUE IMPACT OF  
PROPOSED LEGISLATION  
82nd Oregon Legislative Assembly  
2023 Regular Session  
Legislative Revenue Office**

<b>Bill Number:</b>	<b>SB 133</b>
<b>Revenue Area:</b>	<b>Property Tax</b>
<b>Economist:</b>	<b>Beau Olen</b>
<b>Date:</b>	<b>2/28/2023</b>

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

---

**Measure Description:**

Establishes an explicit sunset date of July 1, 2032 for the full exemption of property tax for property under construction within an enterprise zone. Includes grandfather clause that should this policy sunset on July 1, 2032, exempt property at that time shall remain exempt on same terms under which the exemption was granted. Takes effect on the 91st day following adjournment sine die.

**Revenue Impact:**

Further analysis is required to identify data on loss specifically for construction in process in an enterprise zone. The purpose of this revenue impact statement is to permit the bill to move to another committee while data is identified for further analysis.

**Impact Explanation:**

In the 2023-25 Tax Expenditure Report (TER 2.102), any revenue loss associated with this exemption (construction in process in an enterprise zone), is reported as part of the revenue loss of TER 2.011, commercial buildings under construction. The estimated reduction in taxable assessed value is \$1.3 for commercial buildings under construction and the revenue loss is \$40.4 million in the 2021-23 biennium and \$44.8 million in the 2023-25 biennium. However, separate losses for these programs cannot be reliably determined from the reported combined loss. Further analysis is required to identify data on loss specifically for construction in process in an enterprise zone.

This policy extends the exemption in ORS 307.330, which grants a general exemption for property under construction, to certain cases that would not receive an exemption under the primary program. Examples include installed personal property, machinery and equipment installed directly on land (i.e., not otherwise affixed to a structure), nonmanufacturing property built in fewer than 12 months, and property that continues to be under construction after another part of the facility has been placed in service.

For all property under construction (TE 2.011) the 23-25 TER identifies \$1.3 billion of exempt value for tax year 2021-22 with a projected revenue loss of \$44.8 million for the 2023-25 biennium. For the exemption contained in this bill (TE 2.012), the exempt value and cost figures are not provided

separately.

**Creates, Extends, or Expands Tax Expenditure: Yes  No**

The policy purpose of this exemption relates to the purpose of enterprise zones generally: “To stimulate and protect economic success ... throughout all regions of the state, but especially ... outside major metropolitan areas for which geography may act as an economic hindrance ... by providing tax incentives for employment, business, industry and commerce and by providing adequate levels of complementary assistance to community strategies for such interrelated goals as environmental protection, growth management and efficient infrastructure” (ORS 285C.055).

# Further Analysis Required