

# SB 145 (2023)

## Property Tax Exemption: Cooperative Providing Heat by Combustion of Biomass

Senate Committee on Energy & Environment

LRO | 2/7/2023



# Property Tax Exemption

- Property tax exemption: Cooperative Providing Heat by Combustion of Biomass

## Two Exemption Requirements

- The exempt property
  - Property used to provide steam or hot water heat by combustion of biomass
- Ownership requirement
  - Property owned or used by cooperative corporation
  - More than 50% of co-op required to be owned by government entities (state or local governments)





# Definition of Biomass

## ORS 315.141

- (d) “**Biomass**” means organic matter that is available on a renewable or recurring basis and that is derived from:
- (A) Forest or rangeland woody debris from harvesting or thinning conducted to improve forest or rangeland ecological health and reduce uncharacteristic stand replacing wildfire risk;
  - (B) Wood material from hardwood timber described in ORS 321.267 (3);
  - (C) Agricultural residues;
  - (D) Offal and tallow from animal rendering;
  - (E) Food wastes collected as provided under ORS chapter 459 or 459A;
  - (F) Wood debris collected as provided under ORS chapter 459 or 459A;
  - (G) Wastewater solids; or
  - (H) Crops grown solely to be used for energy.
- (e) “**Biomass**” does not mean wood that has been treated with creosote, pentachlorophenol, inorganic arsenic or other inorganic chemical compounds or waste, other than matter described in paragraph (d) of this subsection.





# Historical Context

- Exemption created in 2019, HB 2458 (ORS 308.521)
- High Desert Biomass - Burns, Harney County Oregon
- Boiler combusts coarse wood chip material (“hog fuel”) to provide heated water and steam through buried pipes to 4-6 block radius in Burns, OR
- Property is exempt under ORS 307.090 (State & Local Property tax exemption)
- ORS 308.521 (distinction from ORS 307.090)
  - 50% of co-op required to be owned by government entities (state or local governments)





# SB 145 – What the bill does

- Tax expenditure sunset: specifies date in law when tax exemption ends
- SB 145 extends sunset of property tax exemption to July 1, 2032
- When created in 2019, no sunset was specified
  - ORS 315.037 – Implicit sunset requirement
    - New tax expenditure enacted without specified sunset date
      - Automatically applies for six tax years
- **Purpose** of exemption: “encourage cooperatives to invest in the production of biomass fueled energy that primarily serves public and tax-exempt entities”



# Legislative Revenue Office

<https://www.oregonlegislature.gov/lro>

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