

HB 2068 STAFF MEASURE SUMMARY

Joint Committee On Tax Expenditures

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Meeting Dates: 3/24

WHAT THE MEASURE DOES:

Moves sunset date of partial property tax exemption for centrally assessed companies by seven years, from July 1, 2025 to July 1, 2032. Takes effect January 1, 2024.

ISSUES DISCUSSED:

- Question about which companies use this exemption and their location.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

There are 61 companies that receive this exemption, based on actual data from the Department of Revenue (DOR). Confidentiality requirements limit information that DOR can disclose on centrally assessed companies. Telecommunication companies use this exemption and other companies that may use it include communication, heating, gas, electricity, pipeline gas and oil, railroad transportation, railroad switching and terminal, electric rail transport, private railcar transportation, air transportation, water transportation, air or railway express, and toll bridge.

Beginning with the 2009-10 property tax year, DOR began treating cable television and internet access services as “communication” services. There was a Supreme Court decision in 2014 (Comcast v. Department of Revenue) that Comcast’s cable television and internet access services are data transmission services and are subject to central assessment.

This exemption originally became law in 2015 with the passage of SB 611. In 2019, HB 2130 moved the sunset date to June 30, 2025.

Oregon Revised Statutes (ORS) requires most property assessment in Oregon to be done by county assessors. For property that is centrally assessed under ORS 308.515(1), often referred to as “utility property”, DOR assesses property value using confidential returns provided by the taxpayers. These companies can receive an exemption on any value above 130 percent of the historical or original cost of the company’s real property and tangible personal property included in the unit subject to central assessment:

Exemption = (Unitary RMV – value exempt under ORS 308.671) – (HC × 130%)

- *Unitary RMV:* Real market value of company’s real property and tangible and intangible personal property included in unit subject to central assessment
- *ORS 308.671 exemptions:* FCC Licenses, Franchises, Satellites
- *HC:* Historical or original cost of the company’s real property and tangible personal property included in unit subject to central assessment

Additionally, the amount of this exemption may not exceed 95 percent of the real market value of the company’s real property and tangible and intangible personal property included in the unit subject to central assessment:

Exemption ≤ Unitary RMV × 95%