

SB 465 -1 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 4/27, 5/15

WHAT THE MEASURE DOES:

Provides that property of company organized and located outside this state and exclusively operates jet boat excursion business on state boundary rivers will no longer be subject to central assessment for property taxation purposes but will be subject to local assessment, if applicable. Applies to property tax years beginning July 1, 2023. Takes effect 91st day after sine die.

ISSUES DISCUSSED:

- SB 785 (2019)
- SB 632 (2021)
- Definition of "property having situs in this state" (ORS 308.505) versus "located in this state" (SB 465 sec. 3)
- State boundaries in boundary rivers of Oregon
- Assessment date of January 1, 1:00am
- Jet boat excursion companies in Idaho and Washington, using Oregon docks and parks

EFFECT OF AMENDMENT:

-1 Moves start of applicable property tax years from July 1, 2023, to July 1, 2024, to avoid tax roll errors that later need to be corrected.

BACKGROUND:

"Property having situs in this state" means all property, real and personal, of a company, owned, leased, used, operated or occupied by it and situated wholly within this state, and, as determined under ORS 308.550 and 308.640, the proportion of the movable, transitory or migratory personal property owned, leased, used, operated or occupied by a company, including but not limited to watercraft, aircraft, rolling stock, vehicles and construction equipment, as is used partly within and partly outside of this state.

It is unclear whether "property having situs in this state" has the same meaning as property "located in this state", as used in Section 3 of SB 465. If these terms have the same meaning, SB 465 would change the proportion of eligible jet boat excursion business property in Oregon that is subject to central assessment to being subject to local assessment. If these terms do not have the same meaning, it is possible that jet boat excursion businesses can have property with situs in Oregon but that is not located in Oregon and therefore would not be subject to any property value assessment in Oregon, central or local. For example, since state boundaries extend to the center of the main channel of the Columbia River and Snake River, property in these rivers can have situs in Oregon and not be located in Oregon.

Under the Columbia River Compact, Oregon and Washington set a fixed boundary in the Columbia River with specific coordinates. Since fixed boundaries have not been set in the Snake River, there are areas of land that have changed jurisdiction due to changes in the center of the main channel. On both of these rivers, a watercraft must simply cross the boundary at the center of the main channel to cross state lines. The assessment date is January 1, at 1:00 a.m. Property at that point in time, which is assessable by the county assessor, constitutes the assessment roll of the county for the year.

There are companies based in Idaho or Washington that sell jet boat excursion tours on the Columbia River or Snake River. These boats occasionally stop at Oregon docks and parks and are centrally assessed under Oregon's

property tax system.

PRELIMINARY