

SB 138 STAFF MEASURE SUMMARY

Joint Committee On Tax Expenditures

Prepared By: Chris Allanach, Legislative Revenue Officer

Meeting Dates: 5/30

WHAT THE MEASURE DOES:

Moves the sunset date for the property tax exemption or tax deferral for newly constructed or installed industrial property in a rural area from January 1, 2024 to January 1, 2030.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

This provision of law allows a city or county to grant either a full exemption or tax deferral for newly constructed or installed industrial property in a rural area. To take effect, taxing districts representing at least 75 percent of applicable property taxes must agree to granting the incentive. Oregon law defines 'rural area' as "...an area located in unincorporated territory, or in a city with a population of less than 40,000, that is located entirely outside of the urban growth boundaries of any and all cities with populations of 40,000 or more..." An agreement between the business and local government must be made that includes employment requirements. The incentive may be allowed for any three of five consecutive tax years and the initial cost investment must be between \$1 million and \$25 million.

According to the 2023-25 Tax Expenditure Report, the biennial revenue loss is \$100,000 with a revenue shift of less than \$100,000.