

HB 2971 A STAFF MEASURE SUMMARY

House Committee On Agriculture, Land Use, Natural Resources, and Water

Action Date: 03/28/23

Action: Do pass with amendments and be referred to Revenue by prior reference. (Printed A-Eng.)

Vote: 8-0-1-0

Yeas: 8 - Boice, Gamba, Hartman, Helm, Levy B, Marsh, Owens, Scharf

Exc: 1 - McLain

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

Prepared By: Anna Glueder, LPRO Analyst

Meeting Dates: 1/26, 3/28

WHAT THE MEASURE DOES:

Provides that irrigated farmland that is specially assessed under specified statutes may not be disqualified from the special assessment if the property owner has an active in-stream water right lease and the farmland is being used according to accepted farming practices that are a mode of operation customarily used in conjunction with farm use. Requires that the final order issued by the Water Resources Department approving the in-stream lease must be sent to the county assessor. Applies to property tax years on or after July 1, 2024. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Intent of the bill
- Land that the in-stream leasing provision is applicable to
- Accepted farm use practices

EFFECT OF AMENDMENT:

Replaces the measure.

BACKGROUND:

Under Oregon property tax laws, some farmlands may qualify for a special assessment intended to incentivize property owners to keep their land in agricultural production. Farmland may be disqualified from special assessment if it is no longer in farm use. Currently the definition of farm use is centered around the use of land for the primary purpose of obtaining a profit by money in the broad context of animal husbandry and crop farming. Current law specifies a number of qualifying land uses that are not related to the active production of agricultural products. Several property tax special assessments exist for agriculture and related land uses that contribute significantly to Oregon's character and economy, including open space use assessments, conservation easements, or riparian habitat property tax exemptions.

House Bill 2971 A would provide that irrigated farmland may not be disqualified from a special property tax assessment if the property owner has an active in-stream water right lease and the farmland is being used according to accepted farming practices in conjunction with farm use.