

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
82nd Oregon Legislative Assembly
2023 Regular Session
Legislative Revenue Office

Bill Number:	HB 3551
Revenue Area:	Property Tax
Economist:	Beau Olen
Date:	5.30.23

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Increases the maximum weight cutoff, from 75,000 pounds to 90,000 pounds, for aircraft of an air transportation company to be eligible for 40 percent exemption of property tax. Takes effect 91st day after sine die.

Revenue Impact:

The revenue impact on local governments is -\$18,000 in the 2023-25 biennium, -\$22,000 in 2025-27, and -\$24,000 in 2027-29.

Impact Explanation:

Air transportation company aircraft weighing 75,000 pounds or more are taxed on 100 percent of the property value and are centrally assessed by the Department of Revenue in proportion to the company's business in Oregon. According to the Oregon Property Tax Statistics report, the total assessed value of centrally assessed air transportation companies was \$1.6M in fiscal year 2021-22. The revenue impact on local governments accounts for the 40% exemption of property tax, an average non-bond tax rate of \$14 per thousand dollars of value, the portion of assessed value attributable to newly exempt aircraft weighing 75,000-90,000 pounds, and future growth in assessed value. Most of the revenue impact is on local governments in Multnomah County, followed by Lane, Jackson, and Deschutes.

Creates, Extends, or Expands Tax Expenditure: Yes No

The statutes that allow this expenditure do not explicitly state a purpose. Presumably, the purpose is the retention and expansion of air transportation companies in Oregon that own relatively light-weight aircraft.