

HB 4072 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 2/12

WHAT THE MEASURE DOES:

Requires the Oregon Department of Administrative Services to pay an annual fee to the City of Salem for fire, police and emergency medical services provided to state agencies, based on the share of state-owned land area in the city. Allows the department to recoup payments and administrative costs from state agencies. Allows other cities to opt in to the fee program. Requires the department to submit annual reports to the interim Legislative committees on revenue, detailing the cumulative program experience. Appropriates to the department, for the 2023-25 biennium, \$10M from the General Fund for the purpose of carrying out the fee program.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

State and local government property is exempt from property taxation. This includes property related to administration of state and local government, such as a city hall or state-owned building, and land owned by the state and local governments, such as public parks and forests.

The City of Salem currently provides most fire, police and emergency medical services on state-owned land, but the city is not compensated for those services.

Generally, if property owned by state or local governments is held under contract of sale or lease by a private party, it becomes taxable. For example, any portion of state property that is used during the tax year for parking on a rental or fee basis to private individuals is subject to ad valorem taxation (ORS 307.095). Cafés in state-owned buildings may be an example of public property leased or rented by taxable owners (ORS 307.110).