

# Property Tax Exemption Review: Part II

Senate Committee on Finance and Revenue

2/19/2025



# Outline

- Exemptions currently under review
- Brownfield Development
- Cargo Containers

# Exemptions currently under review

Property Tax Exemption Review (#8-24) currently available under LRO [Publications](#)

Report discussed during May Leg Days (HREV) and December Leg Days (HREV and SFR)

**Table 1. Estimated Costs to Extend Exemptions**

Tax Expenditure Report Number and Exemption Name	ORS	Sunset Date	-----Biennium-----		
			2025-27	2027-29	2029-31
<i>Scheduled for Review by the 2025 Legislature</i>			<i>\$ Millions</i>		
<b>2.015 Brownfield Development</b>	<b>Note after 307.430</b>	1/1/2027	\$0	<\$0.1	<\$0.1
<b>2.026 Cargo Containers</b>	<b>307.835</b>	6/30/2026	\$0	\$0	\$0
<b>2.102 Vertical Housing Development Zone</b>	<b>307.841-867</b>	12/31/2025 (new certs.)	\$1.3	\$3.1	\$4.8
<b>2.108 Nonprofit Low-Income Rental Housing</b>	<b>307.540-548</b>	6/30/2027	\$0	\$45.4	\$47.4
<b>2.109 New or Rehabilitated Multi-Unit Rental Housing</b>	<b>Note after 307.867</b>	1/1/2027	\$0	\$1.1	\$1.2
<b>TOTAL</b>			<b>\$1.3</b>	<b>\$49.6</b>	<b>\$53.4</b>

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# Brownfield Development

# SB 99 and HB 2075

Extend the property tax incentives for brownfield development by moving the sunset date six years, from January 1, 2027, to January 1, 2033

# Policy Purpose

- Not stated specifically in statute
- Revenue committee documentation from 2016 enacting legislation (HB 4084) suggests the policy purpose may be consistent with purpose of Land Bank Authorities (LBA) under ORS 465.600-465.621
  - **“acquiring, rehabilitating, redeveloping, reutilizing or restoring brownfield properties”** in Oregon
- LBAs were authorized by 2015 Legislature (HB 2734)

# Exemption Mechanism

- Cities, counties, or ports can adopt an ordinance to provide property tax incentives for the development of certain brownfield property
- Available incentives are a land special assessment, and a full exemption or partial exemption of improvements and personal property on brownfield land
- Incentives apply to taxes of all taxing districts if districts representing at least 75% of total combined tax rate in area support the program



# Exemption Mechanism (cont.)

- Tax incentive term is up to 10 years, with an option for an additional five years, for a total of up to 15 years
- Owners granted incentive will continue receiving it until earlier of:
  - expiration of benefit period
  - date on which dollar amount of benefits equal eligible costs, net of other incentives that offset eligible costs
  - discovery owner failed to comply with eligibility requirements, begin remediation, or file any required reports

# Program Usage

- Limited to three accounts in Klamath County with RMV of \$1.3M
- City of Portland pursued exemption. The 75% tax rate threshold cited as an impediment to adoption
- In 2019, City of Portland estimated brownfields account for approximately one-third of developable industrial land within UGB (910 acres). Estimated total cleanup cost of approximately \$240M

# Other Program Details

- Applications for upcoming fiscal year are due by March 15, with some exceptions
- Brownfield owners granted the tax incentive may be granted any other special assessment, full/partial exemption
- City, county, or port may amend or repeal incentives at any time

# Cargo Containers

# SB 100 and HB 2076

Extends the property tax exemption for cargo containers by moving the sunset date six years, from June 30, 2026, to June 30, 2032

# Policy Purpose

- Not stated specifically in statute
- Documentation and deliberation in revenue committees suggest policy purpose is to **maintain and improve Oregon's regional competitiveness in maritime trade at minimum cost**

# Exemption Mechanism

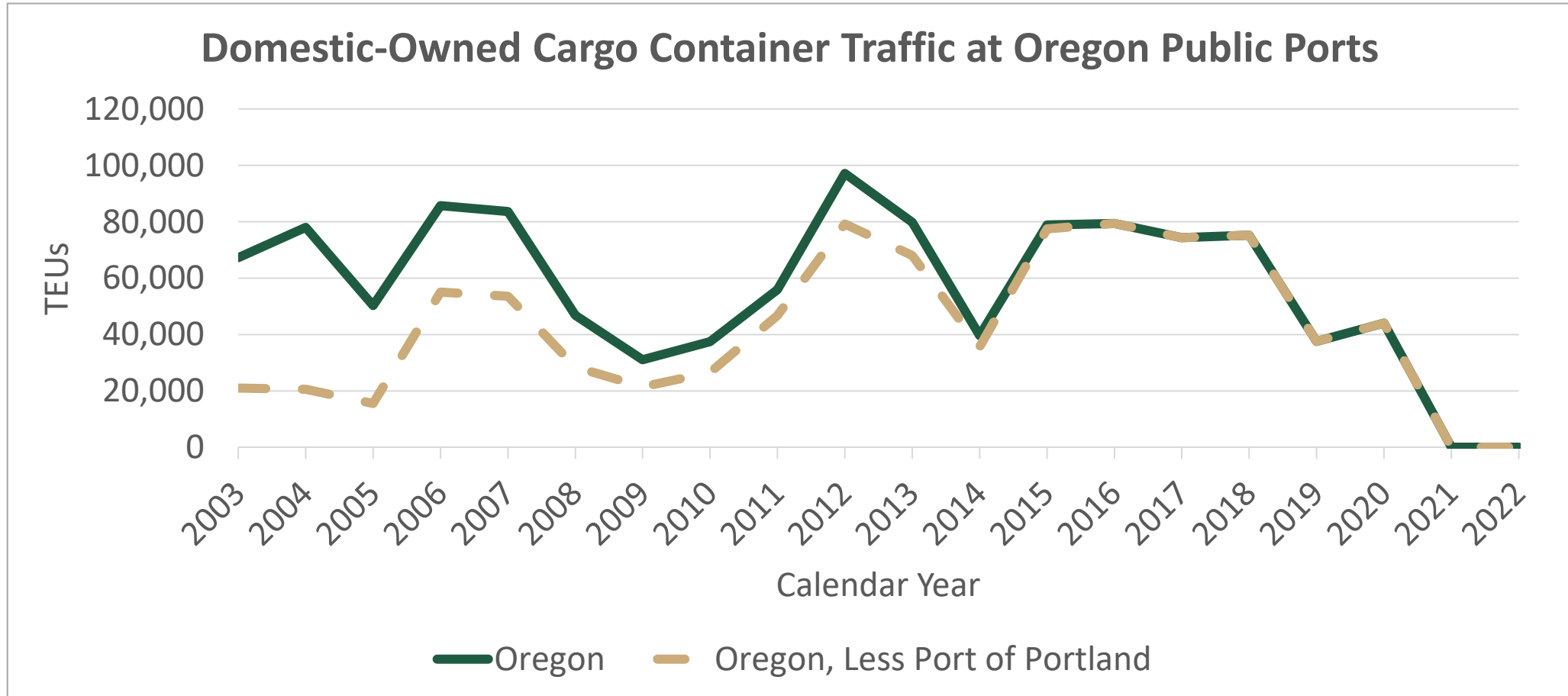
- All cargo containers principally used for transportation of cargo by vessels in trade and ocean commerce are exempt from property tax
- Cargo containers must be:
  - designed for carriage of goods by vessels
  - strong enough for repeated use
  - fitted with handling devices

# Program Usage

- Program usage is number of domestic-owned cargo containers in Oregon that meet eligibility criteria
  - State exemption only applies to domestic-owned containers. Foreign-owned containers are exempt under federal law
- Background:
  - 23 public ports in Oregon
  - Port of Portland can handle more containers than other ports
  - International Port of Coos Bay has growth plans



# Program Usage (cont.)



Note: Cargo containers are measures in twenty-foot equivalent units (TEUs).

Data source: U.S. Army Corps of Engineers (2024)

# Other Program Details

- An application for exemption is not required

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