

House Bill 3823

Sponsored by Representative GOMBERG

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act would give a property tax break to a business that generated or stored energy for its own use. The Act would exclude utilities from the tax break. The Act would give a property tax break for property installed at a residence to generate or store energy for use there. (Flesch Readability Score: 65.1).

Exempts from property taxes personal property used by a business to generate or store energy for consumption by the business on its premises. Provides that the exemption does not apply to the personal property of utility businesses. Exempts from property taxes property installed at a residence to generate or store energy for consumption at the residence.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to property taxes; creating new provisions; amending ORS 307.175; and prescribing an ef-
3 fective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 307.175 is amended to read:

6 307.175. (1) As used in this section:

7 (a) "Alternative energy system" means property consisting of solar, geothermal, wind, water,
8 fuel cell or methane gas energy systems for the purpose of heating, cooling or generating electricity.

9 (b) "Community solar project" has the meaning given that term in ORS 757.386.

10 (2) The following property is exempt from ad valorem property taxation:

11 (a) An alternative energy system that is:

12 (A) A net metering facility, as defined in ORS 757.300; or

13 (B) Primarily designed to offset onsite electricity use.

14 (b) A community solar project.

15 **(c)(A) Personal property installed on the premises of a for-profit or nonprofit business**
16 **and used by the business to generate energy in any form, or to store the energy generated,**
17 **to the extent that the energy is generated or stored for consumption related to the operation**
18 **of the business on the premises. This subparagraph does not apply to property that is as-**
19 **essed under ORS 308.505 to 308.674.**

20 **(B) Property installed on the premises of a residence and used to generate energy in any**
21 **form, or to store the energy generated, to the extent that the energy is generated or stored**
22 **for consumption on the premises.**

23 (3) Notwithstanding ORS 307.110 and 308.505 to 308.674, any portion of the real property to
24 which an alternative energy system is affixed is exempt under this section if:

25 (a) The real property is otherwise exempt from ad valorem property taxation; and

26 (b) The alternative energy system is exempt under this section.

27 (4) Property equipped with an alternative energy system is exempt from ad valorem property

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 taxation in an amount that equals any positive amount obtained by subtracting the real market
2 value of the property as if it were not equipped with an alternative energy system from the real
3 market value of the property as equipped with the alternative energy system.

4 (5) A community solar project is eligible to claim the exemption granted under this section be-
5 ginning on the date on which the electrical inspection for the project is completed and approved.

6 (6) A community solar project that is granted exemption under this section may not be granted
7 any other exemption from ad valorem property taxes for the same property tax year.

8 **(7) A residence equipped with property exempt under subsection (2)(c)(B) of this section**
9 **is exempt from ad valorem property taxation in an amount that equals any positive amount**
10 **obtained by subtracting the real market value of the residence as if the exempt property**
11 **were not installed from the real market value of the residence with the exempt property**
12 **installed.**

13 **SECTION 2. The amendments to ORS 307.175 by section 1 of this 2025 Act apply to**
14 **property tax years beginning on or after July 1, 2026.**

15 **SECTION 3. This 2025 Act takes effect on the 91st day after the date on which the 2025**
16 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**

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