

**DIVISION 307  
PROPERTY SUBJECT TO TAXATION**

**150-307.110**

**Property Financed with Revenue Bonds and Leased to a Taxable Owner May Receive a Partial Exemption**

(1) Property shall receive a partial property tax exemption if all the following apply:

(a) The acquisition of the property was financed in whole or in part by revenue bonds issued for an 'eligible project' under ORS 285.323(1) to (3). For the purpose of this provision, the acquisition of property is financed 'in part' by such bonds if a least five percent of the acquisition cost of the property was actually and directly derived from the bond proceeds.

(b) The property is leased by the state, any institution or department thereof, or any county, city, town or other municipal corporation to any person.

(c) The real market value (RMV) of all of the property related in the 'eligible project' under ORS 285.323 exceeds \$100 million. If existing property is combined with new investment only that portion of RMV that exceeds 100 million of the new investment will be exempt. The RMV of the existing property continues to be taxable.

All numbers in the following examples are shown in millions.

*Example 1*

RMV new	\$250	\$250
First \$100 million of investment	- <u>100</u>	
Exempt portion of investment		- <u>150</u>
Total taxable value of the project		<u>\$100</u>

*Example 2*

Project includes existing property:		
Addition	\$400	\$400
First \$100 million of investment	- <u>100</u>	
Exempt portion of investment		- <u>300</u>
Taxable portion of investment		100
RMV of existing property (not exempt)		+ <u>200</u>
Total taxable value of the project		<u>\$300</u>

*Example 3*

Project includes existing property		
Addition	\$10	\$10
First \$100 million of investment	- <u>100</u>	
Exempt portion of investment		- <u>0</u>
Taxable portion of investment		10
RMV of existing property (not exempt)		+ <u>400</u>
Total taxable value of the project		<u>\$410</u>

(2) The exemption may continue for as long as there are outstanding revenue bonds but no longer than 15 years from the date of the first lease of the property.

(3) Existing property that is refinanced by revenue bonds does not qualify for this exemption.

(4) If the property is exempt under ORS 285.597 (Enterprise Zone), only the buildings, machinery and equipment, whether real or personal property, could qualify under both programs. Land and self-propelled motorized vehicles do not qualify for an enterprise zone exemption. An eligible project may qualify for five of the allowable 15 years exemption under ORS 285.597, as Enterprise Zone property, to exempt all of the improvement value.

Example: The total real market value of an entire eligible project including land and improvements is \$400 million. Of this \$400 million, the real market value of the land is \$20 million and the real market

value of the buildings, machinery and equipment is \$380 million. The buildings, machinery and equipment value of \$380 million is exempt for 5 years and the land value of \$20 million is taxable. After the five year Enterprise Zone exemption expires, the remaining 10 years would qualify to receive exemption for the portion of the real market value that exceeds \$100 million. The combined exemption programs cannot exceed 15 years.

(5) To claim the property tax exemption, the lessee in possession of the property must make application on forms provided by the Oregon Department of Revenue to the county assessor.

(6) The application form will provide for tracking of any employment requirements, the length of the lease, the value of the project both taxable and exempt, and any other requirements applicable to this exemption.

(7) The application must be filed with the county assessor where the property is located on or after January 1 and no later than April 1, preceding the tax year for which the exemption is claimed.

(8) If the eligible project has received an enterprise zone exemption under ORS 285.597, the filing times of the enterprise zone exemption shall apply, (ORS 285.615 and 285.616.)

(9) If the lease agreement is entered into after March 1, but not later than June 30, the claim shall be filed within 30 days of the date the lease agreement was entered into.

(10) A new application must be filed when there is a new lease, an extension or any other modification to the existing lease in the time and manner provided above.

(11) If ownership and use of all property included in the exemption claim remain unchanged, a new application shall not be required. If ownership or use changes, a new timely application as prescribed in ORS 307.112 if required or the exemption will end.

Stat. Auth.: ORS 305.100

Stats. Implemented: ORS 307.110

Hist.: RD 1-1994, f. 6-21-94, cert. ef. 7-1-94

### **150-307.123**

#### **Strategic Investment Program**

(1) The county shall establish a separate tax account for project investments (e.g. A-1 account for buildings and M & E, and when applicable, a separate personal property account).

(2) Value not defined in the eligible project is taxable in addition to the trended base (assessable portion of the eligible project).

(3) The agreement between the company and the county governing body shall state that the company shall file with the Department of Revenue the information required by ORS 308.285–290 on the annual industrial property return as if the property were taxable.

(4) The Department of Revenue shall be responsible for the following:

(a) Accumulating the invested cost on the eligible project from data provided by the company on their industrial property return.

(b) Determining the RMV of buildings, machinery and personal property identified as part of the eligible project.

(c) Transmitting the above data to the counties.

(5) The county assessor shall be responsible for:

(a) Determining the trended base at three percent annually (e.g. \$100 million the first year, \$103 million the second year).

(b) Allocating the trended base of the eligible project per ORS 307.123(1)(a).

(c) Determining the exempt value.

(6) The county assessor and governing body shall be responsible for determining the amount of the community services fee and establishing procedures for the billing, collection and distribution of the community services fee. Enforcement of the contracts or other agreements shall be the sole responsibility of the parties to the contract.

(7) Examples

All numbers in the following examples are shown in millions.

*Example 1*

The eligible project is a \$250 million investment on a previously undeveloped property.

Eligible investment (RMV)	\$250
First \$100 million of investment (taxable)	<u>- 100</u>
Exempt value of the eligible investment	<u>\$150</u>

*Example 2*

Eligible project includes a \$500 million addition to an existing property with a \$200 million value:

Eligible investment (RMV)	\$500	
First \$100 million of investment (taxable)	<u>- 100</u>	
Exempt value of the eligible investment		<u>\$400</u>
Taxable value of the eligible project	\$100	
RMV of existing property	<u>+ 200</u>	
Total taxable value of the property		<u>\$300</u>

Stat. Auth.: ORS 305.100

Stats. Implemented: ORS 307.123

Hist.: RD 1-1994, f. 6-21-94, 7-1-94, Renumbered from 150-307.110; RD 6-1994, f. 12-15-94, cert. ef. 12-30-94; RD 1-1995, f. 12-29-95, cert. ef. 12-31-95; RD 9-1997, f. & cert. ef. 12-31-97

**150-307.405(3)**

**Pollution Control Exemption Expiration Dates**

The number of years certified pollution control facilities are exempt from ad valorem property taxes depends on the completion date of the facility. The term of the exemption shall begin in the year of certification. The terms of exemption are as follows:

<b>Year of Completion</b>	<b>For Profit Businesses Term of Exemption</b>	<b>Nonprofits &amp; Cooperatives Term of Exemption</b>
1967	20 years	20 years
1968	20	20
1969	20	20
1970	20	20
1971	20	20
1972	18	18
1973 before Oct. 5, 1973	16	16
on or after Oct. 5, 1973	20	20
1974	18	18
1975	16	16
1976	14	14
1977	12	20
1978	10	20
1979	8	20
1980	6	20
1981	4 (1)	20
1982	2 (1)	20
1983	**** (2)	20
1984		20
1985		20
1986		20
1987		20
1988		20
1989 and after		20

(1) Facility must be certified prior to December 31, 1982.

(2) For 1983 and after ad valorem exemption is available only to nonprofit corporations and cooperatives.

Stat. Auth.: ORS 305.100

Stats. Implemented: ORS 307.405

Hist.: RD 8-1988, f. 12-19-88, cert. ef. 12-31-88; RD 8-1992, f. 12-29-92, cert. ef. 12-31-92