

(Including Amendments to Resolve Conflicts)

**A-Engrossed**  
**House Bill 3453**

Ordered by the Senate August 4  
Including Senate Amendments dated August 4

Sponsored by COMMITTEE ON REVENUE

**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.

Exempts from property taxation tangible or intangible property whose use arises from contracts between qualified government entities and energy marketing companies, **in which subject of contracts relates to operation of certain cogeneration plants or energy produced from certain cogeneration plants.**

Applies to tax years beginning on or after July 1, 2006.

**A BILL FOR AN ACT**

1  
2 Relating to centrally assessed property; creating new provisions; and amending ORS 308.515.

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

4 **SECTION 1.** ORS 308.515, as amended by section 53, chapter 94, Oregon Laws 2005 (Enrolled  
5 House Bill 2446), is amended to read:

6 308.515. (1) The Department of Revenue shall make an annual assessment of any property that  
7 has a situs in this state and that, except as provided in subsection (3) of this section, is used or held  
8 for future use by any company in performing or maintaining any of the following businesses or ser-  
9 vices or in selling any of the following commodities, whether in domestic or interstate commerce  
10 or both, and whether mutually, or for hire, sale or consumption by other persons:

11 (a) Railroad transportation;

12 (b) Railroad switching and terminal;

13 (c) Electric rail and trackless trolley transportation;

14 (d) Private railcar transportation;

15 (e) Air transportation;

16 (f) Water transportation upon inland water of the State of Oregon;

17 (g) Air or railway express;

18 (h) Communication;

19 (i) Heating;

20 (j) Gas;

21 (k) Electricity;

22 (L) Pipeline;

23 (m) Toll bridge; or

24 (n) Private railcars of all companies not otherwise listed in this subsection, if the private  
25 railcars are rented, leased or used in railroad transportation for hire.

**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 (2) The assessment described in subsection (1) of this section shall be made on an assessment  
2 roll that is prepared by the division of the department charged with property tax administration.

3 (3) *[There may not be assessed]* **The following property is not subject to assessment** under  
4 subsection (1) of this section:

5 (a) Any property used by or for water transportation companies whose watercraft ply exclu-  
6 sively on the high seas, or between the high seas and inland water ports or terminals, or any com-  
7 bination thereof.

8 (b) Any property used by or for water transportation companies exclusively for hire by other  
9 persons for booming and rafting, dredging, log or marine salvage, ship berthing, maintenance, sludge  
10 removal, cleaning or repair, marine or water-based construction, or guide service.

11 (c) Any property used by or for interstate ferries or by or for water transportation companies  
12 as ferries operating directly across interstate rivers.

13 (d) Any property of the National Railroad Passenger Corporation as long as federal law pro-  
14 hibits the National Railroad Passenger Corporation from paying property taxes.

15 (e) Any aircraft that is required to be registered under ORS 837.040 for all or any part of the  
16 calendar year, and that is not used to provide scheduled passenger service.

17 **(f) Any real or personal property, tangible or intangible, whose use arises from a contract**  
18 **between a qualified government entity and an energy marketing company in which the sub-**  
19 **ject of the contract is:**

20 **(A) The performance of services and the supply of goods related to the operation of a**  
21 **natural gas-fired combined cycle cogeneration plant owned by a qualified government entity;**  
22 **or**

23 **(B) The purchase of energy for resale by an energy marketing company from a qualified**  
24 **government entity, when the energy that is being purchased is generated or distributed by**  
25 **a natural gas-fired combined cycle cogeneration plant owned by a qualified government en-**  
26 **tity.**

27 (4) For the purposes of this section, ORS 308.256 and 308.550, "inland water" means all water  
28 or waters within the State of Oregon, all interstate rivers touching Oregon and all tidewaters ex-  
29 tending to the ocean bars.

30 (5) Any corporation included within subsection (1) of this section, to the extent that it actively  
31 engages in any business or service not described therein or not incidental to any business or service  
32 or sale of a commodity described therein, may not to that extent be deemed a corporation whose  
33 properties are assessed under ORS 308.505 to 308.665.

34 (6) Any company, to the extent that it furnishes undiluted liquefied or industrial gas in bottles,  
35 tanks or similar containers, whether or not through pipe in a gaseous form, is not a gas company  
36 under subsection (1) of this section.

37 (7) A company is not an electric company under subsection (1) of this section if:

38 (a) The company generates electricity primarily for the company's own use, but makes incidental  
39 sales of the company's surplus electricity; or

40 (b)(A) The company's generating facility is primarily fueled by wood waste or other biomass fuel;

41 (B) The generating facility has a maximum capacity of 20 megawatts; and

42 (C) The company, if selling the generated electricity, does so only directly to an electric utility  
43 for the utility's distribution to utility customers.

44 (8) ORS 308.505 to 308.665 shall be construed to subject property owned, leased or occupied by  
45 a legal entity not yet engaged in a business, service or sale of a commodity that is described in this

1 section, to assessment by the department, if the property is intended for operation or use in the  
2 business, service or sale of a commodity.

3 (9) As used in this section[,]:

4 (a) "Electric utility" has the meaning given that term in ORS 758.505.

5 (b) "Energy marketing company" means a company that:

6 (A) Operates or manages natural gas-fired combined cycle cogeneration plants; or

7 (B) Generates, develops, transmits, distributes or purchases energy.

8 (c) "Qualified government entity" means a city with a population of fewer than 22,000  
9 residents.

10 **SECTION 2.** The amendments to ORS 308.515 by section 1 of this 2005 Act apply to tax  
11 years beginning on or after July 1, 2006.

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