

# House Bill 3453

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 **as introduced**.

Exempts from property taxation tangible or intangible property whose use arises from contracts between qualified government entities and energy marketing companies.

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 is amended to read:

5 308.515. (1) The Department of Revenue shall make an annual assessment, upon an assessment  
6 roll to be prepared by the division of the department charged with property tax administration, of  
7 the following property having a situs in this state:

8 (a) Except as provided in subsection (2) of this section, any property used or held for its own  
9 future use by any company in performing or maintaining any of the following businesses or services  
10 or in selling any of the following commodities, whether in domestic or interstate commerce or both,  
11 and whether mutually, or for hire, sale or consumption by other persons: Railroad transportation;  
12 railroad switching and terminal; electric rail and trackless trolley transportation; private railcar  
13 transportation; air transportation; water transportation upon inland waters of the State of Oregon;  
14 air or railway express; communication; heating; gas; electricity; pipeline; toll bridge.

15 (b) Private railcars of all companies not included in paragraph (a) of this subsection, where such  
16 cars are rented, leased or used in railroad transportation for hire.

17 (2) [*There shall not be assessed*] **The following property is not subject to assessment** under  
18 subsection (1) of this section:

19 (a) Any property used by or for water transportation companies whose watercraft ply exclu-  
20 sively (A) on the high seas, or (B) between the high seas and inland water ports or termini, or (C)  
21 a combination of (A) and (B), or (D) as ferries operating directly across interstate rivers.

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

25 (c) Any property used by or for interstate ferries.

26 (d) Any property of the National Railroad Passenger Corporation so long as federal law pro-  
27 hibits such company from paying ad valorem taxes. All unpaid ad valorem taxes levied prior to Oc-  
28 tober 15, 1983, are void and the taxes shall be removed from the assessment and tax rolls.

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

31 **(f) Any real or personal property, tangible or intangible, whose use arises from a contract**

**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 **between a qualified government entity and an energy marketing company in which the sub-**  
2 **ject of the contract is:**

3 **(A) The performance of services and the supply of goods related to the operation of an**  
4 **electric generation, transmission or distribution facility owned by a qualified government**  
5 **entity; or**

6 **(B) The purchase of energy for resale by an energy marketing company from a qualified**  
7 **government entity, when the energy that is being purchased is generated or distributed by**  
8 **an electric generation, transmission or distribution facility owned by a qualified government**  
9 **entity.**

10 (3) For the purposes of this section, ORS 308.256 and 308.550, "inland water" or "inland  
11 waters" shall mean all water or waters within the State of Oregon, all interstate rivers touching  
12 Oregon and all tidewaters extending to the ocean bars.

13 (4) Any corporation included within subsection (1) of this section, to the extent that it actively  
14 engages in any business or service not described therein or not incidental to any business or service  
15 or sale of a commodity described therein, shall not to that extent be deemed a corporation whose  
16 properties are assessed under ORS 308.505 to 308.665.

17 (5) Any company, to the extent that it furnishes undiluted liquefied or industrial gas in bottles,  
18 tanks or similar containers, whether or not through pipe in a gaseous form, is not a gas company  
19 under subsection (1) of this section. A company is not an electric company under subsection (1) of  
20 this section if:

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

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

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

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

27 (6) The provisions of ORS 308.505 to 308.665 shall be construed to subject to assessment by the  
28 department the property owned, leased or occupied by a legal entity not yet engaged in a business,  
29 service or sale of commodity enumerated in this section, which is intended for operation or use in  
30 such a business, service or sale of commodity.

31 (7) As used in this section[,]:

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

33 (b) **"Energy marketing company" means a company that:**

34 **(A) Operates or manages electric generation, transmission or distribution facilities; or**

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

36 (c) "Qualified government entity" means a public body, as defined in ORS 174.109.

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

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