

Secretary of State
STATEMENT OF NEED AND FISCAL IMPACT
A Notice of Proposed Rulemaking Hearing accompanies this form.

FILED
10-13-16 11:42 AM
ARCHIVES DIVISION
SECRETARY OF STATE

Department of Revenue
Agency and Division

150
Administrative Rules Chapter Number

Property Tax: Manufactured Property Rehabilitation, local budget, tax refunds, agricultural housing, timber tax, exemptions

Rule Caption (Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.)

In the Matter of:

ADOPT:

150-090-0020

AMEND:

150-294-0430

150-294-0840

150-307-0510

150-311-0760

150-321-0340

150-321-0810

REPEAL:

150-307-0470

150-311-0120

150-311-0130

150-311-0510

Statutory Authority:

ORS 305.100, 321.207

Other Authority:

Statutes Implemented:

ORS 090.675, 294.311, 294.388, 294.920, 311.160, 311.508, 311.806, 321.354, 321.358, 321.839

Need for the Rule(s):

150-090-0020 [Adopt]: To describe the process for obtaining cancelation of taxes on abandoned homes that manufactured dwelling park or marina owners acquire, rehabilitate, and sell in the park or marina. This is an option for landlords created under 2015 Oregon Laws c. 217 (HB 3016).

150-294-0430 [Amend]: ORS 294.388 states that budgets may include amounts for general operating contingencies. We have interpreted that to mean that a contingency may only be budgeted in an "operating fund," without defining "operating fund." In the current rule, Example 2 says that a reserve fund is not an operating fund, which is inconsistent with our training regarding reserve funds.

150-294-0840 [Amend]: To correct grammatical error in the rule title by adding the word "of" and adding a space between the words "as" and "approved" in line 4.

150-307-0470 [Repeal]: The 2009 amendment to ORS 307.397 to exempt such hoop houses or similar buildings, structures or improvements. The statute now provides exemption for such structures if they are primarily used to grow plants for agricultural or horticultural production, that are covered with translucent or transparent material, and that have no permanent heat source (other than the sun). This rule is more restrictive than the statute and prohibits exemption for hoop houses with permanent climate control systems, even though the 2009 statute amendments only prevent exemption where a permanent heat source is present.

150-307-0510 [Amend]: ORS 307.480 amended in the 2015 session to allow a property tax exemption for community based agricultural workforce housing. The existing rule only addresses the requirements for farm labor camps. One of the new statutory requirements is that agricultural workforce housing be owned and operated as a nonprofit "facility" and the rule will define that term in the context of this

exemption. The term "facility" is also used as the basis for determining which income and expenses must be used to calculate the payment in lieu of taxes required by ORS 307.490.

150-311-0120 [Repeal]: This rule is obsolete as it relates to ORS 308.020, which applied to large value appeals from tax years prior to 1997-1998. There are no longer accounts being collected from appeals under 308.020.

150-311-0130 [Repeal]: This rule is obsolete as it relates to ORS 308.020, which applied to large value appeals from tax years prior to 1997-1998. There are no longer accounts being collected from appeals under 308.020.

150-311-0510 [Repeal]: This rule is obsolete as it relates to ORS 308.020, which applied to large value appeals from tax years prior to 1997-1998. There are no longer accounts being collected from appeals under 308.020.

150-311-0760 [Amend]: ORS 311.806 was amended by HB 2485 and SB 161 in the 2015 session. The bills added provisions that specified refunds paid because of a request for proration of taxes under ORS 308.425 are to be paid to the applicant for the refund, and that in some circumstances allows refunds to purchasers of personal property who have paid delinquent taxes on the property. Those provisions are not addressed in our current rule describing where refunds are to be paid.

150-321-0340 [Amend]: To replace the word "one" with "common" as it is used in the definition of "common ownership" in ORS 321.354(6)(b). To provide a definition for "contiguous acres" as it applies to meet minimum acreage requirements.

150-321-0810 [Amend]: To replace the word "one" with "common" as it is used in the definition of "common ownership" in ORS 321.354(6)(b). To provide a definition for "contiguous acres" as it applies to meet minimum acreage requirements.

Documents Relied Upon, and where they are available:

Oregon Revised Statutes and Oregon Administrative Rules, both of which are available online or from the Agency.

Fiscal and Economic Impact:

There is no fiscal or economic impact due to these rule changes. The statutes implemented are what cause any impact.

Statement of Cost of Compliance:

1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):

There is no impact to state agencies and a de minimis effect on the counties and the public. These changes tend to be clarifying or interpretive in nature and do not affect the cost to comply.

2. Cost of compliance effect on small business (ORS 183.336):

a. Estimate the number of small business and types of businesses and industries with small businesses subject to the rule:

Oregon has approximately 123,000 small businesses with fewer than 250 employees that employ 81% of the state's workforce . Oregon has approximately 105,646 small businesses with fewer than 100 employees . Based on this information and information from tax returns reporting number of employees, we estimate Oregon has approximately 91,848 small businesses with fewer than 50 employees who are subject to these rules.

There are approximately 41,000 property owners receiving forestland designation statewide. Approximately 2,000 in eastern Oregon and approximately 39,000 in western Oregon.

b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:

There is a de minimis effect on those subject to the rules, as these changes tend to be clarifying or interpretive in nature and does not affect projected reporting, record-keeping or other administrative activities, or costs.

c. Equipment, supplies, labor and increased administration required for compliance:

None Known.

How were small businesses involved in the development of this rule?

We communicated and worked with small business liaison groups such as the Oregon State Bar Tax Section to obtain their input into how this rule will affect their clients, some of whom are small businesses. We also reached out to the Small Woodlands Association, Oregon Forest and Industries Council, Manufactured Housing Communities of Oregon, Oregon Housing and Community Services, CASA of Oregon, Farmworker Housing Development Corp., Nonprofit Association of Oregon, Oregon Law Center, Bienestar, Hacienda CDC and developers of agricultural workforce housing for their input into how particular rules would affect the small businesses community.

Administrative Rule Advisory Committee consulted?: No

If not, why?:

The Department of Revenue did not use a formal Advisory Committee for these rules; however, we did seek and receive input from industry representatives as well as from the counties and other taxpayer groups on these rule changes. No Administrative Rule Advisory Committee was consulted because the above groups were contacted and they have the interest and expertise necessary to provide adequate feedback

on the proposed rule; therefore a committee is unlikely to provide further benefit.

11-22-2016 5:00 p.m.	Lois Williams	lois.j.williams@oregon.gov
Last Day (m/d/yyyy) and Time for public comment	Printed Name	Email Address