

**Form
OR-AP-CACFC**

**Application for Cancellation of Assessment
on Commercial Facilities Under Construction,**
as provided by ORS 307.330 and OAR 150-307-0430

Filed with the Oregon Department of Revenue for 20_____.
 Filed with the _____ County assessor for 20_____. Account # _____

- File this application with the **county assessor** on or before April 1.
- If this is for state-appraised industrial property (ORS 306.126), you may file this application by April 1 with the Oregon Department of Revenue, which will forward it to the county assessor for processing.
- This exemption applies to buildings, structures or additions that are being constructed to produce income. Also applies to any real property machinery or equipment on the construction site that is or will be installed in or on the building or structure.
- See other side for applicable administrative rule and statute. If for investment in qualified property of a business authorized in an enterprise zone (except hotel/resort) use Form OR-AP-CIPEZ, *Application for Construction-in-Process Enterprise Zone Exemption*, 150-310-021.

| Assessor's use only | | | |
|---------------------------------|------|-------------|------|
| Received by | Date | Approved by | Date |
| Assessed value cancelled | | | |
| Building or addition _____ | | | |
| Machinery and equipment _____ | | | |
| Total _____ | | | |

| | | |
|-------------------------------------|------|------------------|
| Applicant's (building owner's) name | Code | Phone () |
| Address | City | ZIP code |

Description of property

| | |
|-------------------|---------------------------|
| Account number(s) | Map and tax lot number(s) |
|-------------------|---------------------------|

- You affirm that the facility:
- Is either new or an addition to an existing structure;
 - Has been exempt from taxation for no more than the current tax year;
 - Is in the process of construction on January 1;
 - Isn't in use or occupancy on January 1;
 - Hasn't been in use or occupancy at any time prior to such January 1 date;
 - Is constructed to produce income;
 - Isn't centrally assessed (utility) property;
 - Is to be first used or occupied for not less than one year from the time construction begins for nonmanufacturing facilities; **and**
 - Construction isn't considered begun until any demolition is completed.

| | | |
|--|--|---|
| Owner of land (if different from owner of structure) | Phone () | |
| Street address | City | State |
| Address of improvement (street) | City | State |
| Starting date of construction | Date of demolition, if any, completed at building site | Estimated completion date of construction |

| | |
|---|---|
| Cost of building, structure, or addition \$ _____ | Describe use of building, structure, or addition: _____ _____ |
| Primary use of the building, structure, or addition: <input type="checkbox"/> Manufacturing <input type="checkbox"/> Nonmanufacturing | |

Attach a list of all machinery and equipment located at the construction site on January 1 of the year noted above, that is or will be installed in or attached to the above-described building, structure, or addition. Use the following format:

| Machinery/equipment make/model/type | Serial number | Purchase date | Purchase price | Date installed |
|--|------------------|------------------|-------------------|-------------------|
|--|------------------|------------------|-------------------|-------------------|

Was the above-named machinery and equipment included on your personal property return?
 No Yes, the report was made in the name of _____

Declaration

I declare under the penalties for false swearing [ORS 305.990(4)] that I have examined this document (including any accompanying statements) and to the best of my knowledge, it is true, correct, and complete.

| | | | |
|--|----------------------|-------|------|
| Signature of owner or officer making application X | Name (print or type) | Title | Date |
|--|----------------------|-------|------|

Oregon Revised Statute (ORS) and Administrative Rule (OAR)

ORS 307.330

Commercial facilities under construction.

(1) Except for property centrally assessed by the Department of Revenue, each new building or structure or addition to an existing building or structure is exempt from taxation for each assessment year of not more than two consecutive years if the building, structure or addition:

- (a) Is in the process of construction on January 1;
- (b) Is not in use or occupancy on January 1;
- (c) Has not been in use or occupancy at any time prior to such January 1 date;
- (d) Is being constructed in furtherance of the production of income; and
- (e) Is, in the case of nonmanufacturing facilities, to be first used or occupied not less than one year from the time construction commences. Construction shall not be deemed to have commenced until after demolition, if any, is completed.

(2) If the property otherwise qualifies for exemption under this section and ORS 307.340, the exemption shall likewise apply to any machinery or equipment located at the construction site which is or will be installed in or affixed to such building, structure or addition. [1959 c.246 §1; 1961 c.552 §1; 1971 c.284 §1; 1991 c.459 §55; 1997 c.541 §117]

150-307-0430,

Exemption of Buildings, Structures and Machinery or Equipment during Construction

- (1) Definitions for purposes of ORS 307.330 and this rule:
 - (a) "Addition" means any enlargement of an existing building or structure. This includes the construction of additional stories or the erection of a new wing on an existing building.
 - (b) "Building" means all real property improvements erected upon the land such as hotels, office buildings, retail stores, condominiums and manufacturing plants and includes heating and ventilating systems, elevators, and similar equipment normally installed as part of the building construction.
 - (c) "Completed" means the building, structure or addition is ready for its intended use or occupancy.
 - (d) "In the process of construction" means that construction of the new building, structure or addition has begun, but is not yet completed, and typically the foundation is partially or wholly laid. Site preparation or demolition of an existing building or structure is not considered part of the construction process.
 - (e) "In use or occupancy" means the property is being utilized in the manner for which the completed building, structure or addition was intended.
 - (f) "Land" means land in its natural state and includes site development such as fill, excavation, grading and leveling.
 - (g) "Machinery or equipment" includes machinery or equipment housed within the building, structure or addition for the purpose of manufacturing or otherwise processing raw or finished materials.

(h) "Modernization" means to take corrective measures to bring a property into conformity with changes in style.

(i) "Structure" means all real property improvements, other than buildings, and includes improvements such as ramps, loading docks, wharfs, and paved areas used for parking or storage.

(j) "Testing" means a limited trial production run as a check of equipment and system performance, but does not include the processing of a substantial quantity of finished and marketable products that are, or can be, sold through the usual channels of trade.

(2) Property eligible for exemption:

(a) New building, structure or addition to an existing building or structure that is in the process of construction on January 1 of each assessment year in which exemption is claimed. The building, structure or addition must be intended primarily for the furtherance of the production of income, whether from a one-time sale of property or an ongoing stream of income. For example, a new condominium project being constructed for future sale to purchasers, who may live on the property or rent the property to others, will qualify for exemption.

(b) Machinery or equipment located at the construction site or installed in or affixed to a building, structure or addition. Testing of equipment is allowable during the period of construction.

(c) All personal property that would qualify as real property under OAR 150-307-0010 that is situated at the place of construction on January 1 of each assessment year in which exemption is claimed.

(3) Manufacturing facilities may claim exemption for no more than two consecutive years. Conditions for exemption must exist on January 1 of each assessment year in which exemption is claimed.

(4) Property not eligible for exemption:

- (a) Land.
- (b) Modernization of an existing building or structure.
- (c) Heating equipment, elevators, ventilating systems and similar equipment installed in a building after its original construction.
- (d) Property constructed for residential occupancy by the owner.
- (e) Nonmanufacturing facilities, of any kind, completed less than one year from the date construction began.
- (5) No exemption may be allowed if use or occupancy is made of the building, structure or addition, or any part thereof, on or before January 1 of any assessment year in which exemption is claimed.

(a) If the building, structure or addition is completed and ready for use or occupancy on January 1, although not in use, it is taxable.

(b) If the building, structure or addition is completed and leased on January 1, but not occupied by the lessee, it is taxable.

Stat. Auth.: ORS 305.100 Stats. Implemented: ORS 307.330 Hist.: 11-59, 11-61; 7-64; 1-66; 12-66; 3-70; 11-71; RD 8-1991, f. 12-30-91, cert. ef. 12-31-91; RD 9-1997, f. & cert. ef. 12-31-97; REV 11-2009, f. 12-21-09, cert. ef. 1-1-10; Renumbered from 150-307.330, REV 54-2016, f. 8-13-16, cert. ef. 9-1-16