

Senate Bill 571

Sponsored by COMMITTEE ON FINANCE AND 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**.

For purposes of exclusion from central assessment, removes requirement that data center company have tax abatement agreement with sponsors of enterprise zone. Clarifies that statute applies only to company in business of communication. Raises maximum allowable percentage of cost of property other than data center property and changes base to cost of property used in business of communication.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to data centers; creating new provisions; amending ORS 308.516; and prescribing an effective date.

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

5 **SECTION 1.** ORS 308.516 is amended to read:

6 308.516. (1) A company is not a company described in ORS 308.515 (1) to the extent that the
7 company furnishes undiluted liquefied or industrial gas in bottles, tanks or similar containers.

8 (2) A company is not a company described in ORS 308.515 (1) if:

9 (a) The company generates electricity primarily for the company's own use and makes no more
10 than incidental sales of the company's surplus electricity to other persons; or

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

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

13 (C) The company, if selling the generated electricity, does so only directly to an electric utility,
14 as defined in ORS 758.505, for the electric utility's distribution to utility customers.

15 (3)(a) A company that **is in the business of communication as defined in ORS 308.505 and**
16 **is the owner or lessee of a data center is not a company described in ORS 308.515 (1) if[.]**

17 *[(a) The company has entered into a written tax abatement agreement, or is entitled by assignment*
18 *or succession to the benefits of a tax abatement agreement entered into, with the sponsors of an enter-*
19 *prise zone with respect to a data center, pursuant to ORS 285C.050 to 285C.250 or 285C.400 to*
20 *285C.420; and]*

21 *[(b)(A)] the original cost of construction and installation of all [real and tangible personal prop-*
22 *erty owned or leased by the company in Oregon other than data centers] **property described in par-***
23 **agraph (b) of this subsection** *does not equal more than [five] 10 percent of the original cost of the*
24 *real and tangible personal property of all data centers owned, leased or used by the company in*
25 *Oregon and all additions to the data center property[; and].*

26 **(b) The property referred to in paragraph (a) of this subsection is real and tangible personal property, other than data centers, that is:**

27 **(A) Owned or leased by the company in Oregon; and**

28 **(B) Used by the company in the business of communication.**
29

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 *[(B) The property in Oregon other than data centers described in subparagraph (A) of this para-*
 2 *graph consists of real or tangible personal property used in the operation of an office or a warehouse*
 3 *or in connection with the construction, installation or operation of data center property.]*

4 *[(4)(a) Property of a company described in subsection (3) of this section may not be assessed under*
 5 *ORS 308.505 to 308.665 during the term of an exemption granted pursuant to an agreement described*
 6 *in subsection (3)(a) of this section or during the term of any statutorily authorized extensions of the*
 7 *exemption, waivers or periods of in lieu payments.]*

8 *[(b) For purposes of the notations required under ORS 285C.175 (7) and 285C.409 (3), the county*
 9 *assessor shall record the real market value, the assessed value and the amount of potential additional*
 10 *taxes as determined without regard to ORS 308.505 to 308.665.]*

11 *[(5) If a company described in subsection (3) of this section owns or leases a data center in more*
 12 *than one county in this state, each data center must satisfy all applicable requirements under subsection*
 13 *(3) of this section.]*

14 *[(6)(a)] (4)(a) As used in this section:*

15 (A) “Data center” means an online service data center or an independent data center.

16 (B) “Independent data center” means real and personal property consisting of buildings or
 17 structures specifically designed or modified to house networked computers and data and transaction
 18 processing equipment and related infrastructure support equipment, including, without limitation,
 19 power and cooling equipment, used primarily to provide, as a service to persons other than the
 20 company operating the independent data center, data and transaction processing services, outsource
 21 information technology services and computer equipment colocation services.

22 (C) “Online service data center” means real and personal property consisting of buildings or
 23 structures specifically designed or modified to house networked computers and data and transaction
 24 processing equipment and related infrastructure support equipment, including, without limitation,
 25 power and cooling equipment, used primarily to provide, to a single user, including the user’s affil-
 26 iates, customers, lessees, vendors and other persons authorized by the user, data and transaction
 27 processing services.

28 (b) For purposes of this subsection, the primary use of property is based on the relative pro-
 29 portion of the original cost of property used for all purposes.

30 **SECTION 2. The amendments to ORS 308.516 by section 1 of this 2015 Act apply to**
 31 **property tax years beginning on or after July 1, 2015.**

32 **SECTION 3. This 2015 Act takes effect on the 91st day after the date on which the 2015**
 33 **regular session of the Seventy-eighth Legislative Assembly adjourns sine die.**