

YAMHILL COUNTY CODE

CHAPTER 3: REVENUE, FINANCE, AND PURCHASING

Chapter 3.25: Yamhill County Rural Tax Exemption Code

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LEGISLATIVE HISTORY

3.25.01 Purpose. The purpose of this Chapter is to create a process for the consideration of applications for exemption of qualifying rural industrial property pursuant to Chapter 112, Oregon Laws 2016 (Senate Bill 1565 (2016) (codified as a note following ORS 307.340)); Chapter 575, Oregon Laws 2019 (House Bill 2053 (2019)); and Chapter 398, Oregon Laws 2023 (House Bill 2080 (2023)).

[ADOPTED VIA ORDINANCE NO. 939 eff 04/09/25]

3.25.02 Definitions. The following definitions shall be used in considering applications for property tax exemptions pursuant to this Chapter:

- a) “**Annual average employment of the applicant**” means the average employment of the applicant, calculated over the 12 months preceding the date of application.
- b) “**Assessor**” means the Yamhill County Assessor, or delegate thereof.
- c) “**Board**” means the Yamhill County Board of Commissioners.
- d) “**County**” means Yamhill County.
- e) “**DOR**” means the Oregon Department of Revenue.
- f) “**Economic Development Officer**” means the Yamhill County Economic Development Office, or delegate thereof.
- g) “**Eligible location**” means land and improvements that are located in a rural area. “Eligible location” includes a location that has not formerly been used for industrial purposes.
- h) “**Eligible property**” means improvements classified as industrial under rules established by DOR pursuant to ORS 308.215(1)(a)(C), and associated personal property whether appraised by the County or by DOR, that:
 - (i) Are newly constructed or installed at an eligible location; and

- (ii) Have a cost of initial investment to the purchaser of at least \$1,000,000 and not more than \$25,000,000.
 - i) **“Employment of the applicant”** means the number of employees working for the applicant, a majority of their time in eligible operations, at a location for which the applicant has submitted an application under this Chapter.
 - j) **“First-source hiring agreement”** means an agreement between an applicant and a publicly funded job training provider whereby the provider refers qualified candidates to the firm for new jobs and job openings in the firm.
 - k) **“Qualified property”** means eligible property for which an application has been approved.
 - l) **“Rural area”** means an area located in unincorporated Yamhill County that is located entirely outside of the urban growth boundaries of any and all cities located within Yamhill County with populations of 40,000 or more, as the urban growth boundaries are acknowledged on the date on which an applicant submits an application for eligible property.
 - m) **“YCC”** means the Yamhill County Code.
- [ADOPTED VIA ORDINANCE NO. 939 eff 04/09/25]

3.25.03 Grant and Scope of Authority.

- a) The Board may adopt an order granting a property tax exemption for eligible property located within the unincorporated areas of Yamhill County.
- b) The terms of the exemption must conform to the provisions of this Chapter.
- c) A qualified property must be:
 - (i) Owned or leased by the applicant filing the application.
 - (ii) Used through the final year of exemption for the purpose, and at the location, identified in the application.
- d) The exemption:
 - (i) May be granted to eligible property only if the first assessment year to which the application relates is the first assessment year that begins after the eligible property was first placed in service; and
 - (ii) Shall be granted only for qualified property that was first placed in service after the board order was adopted.
- e) The exemption shall be equal to 100 percent of the real market value of the qualified property for the next three consecutive property tax years following the tax year in which an exemption is granted. If an application is filed for the current property tax year pursuant to YCC 3.25.04(c), and the application is granted, the exemption shall be for the current plus the next two consecutive property tax years.
- f) An exemption does not become effective unless the rates of taxation of the taxing districts whose governing bodies agree to grant the exemption, when combined with the rate of taxation of the County, equal 75 percent or more of the total combined rate of taxation on the qualified property.
 - (i) Upon the taking effect of an exemption, the exemption shall apply to all property tax levies of all taxing districts in which qualified property is located.
 - (ii) The decisions of the taxing districts under this subsection may not be changed but are not binding with respect to a board order adopted pursuant to subsection (g) or a new board order adopted pursuant to subsection (a).
 - (iii) All qualified property shall be granted exemption on the same terms provided in the resolution adopted or amended by the county and in effect on the date the application is submitted.
- g) The County may at any time adopt a board order amending the terms of an exemption previously granted, subject to approval of the taxing districts under subsection (f), or otherwise terminating the exemption. However, qualified property that has been granted an exemption shall continue to receive the exemption under the terms in effect at the time the exemption was first granted.
- h) Qualified property granted an exemption is not eligible for any other property tax exemption or special assessment. Otherwise, eligible property that has received another property tax exemption or special assessment is not eligible for this exemption. However, this subsection does not apply to the exemption granted under ORS 307.330.

[ADOPTED VIA ORDINANCE NO. 939 eff 04/09/25]

3.25.04 Application.

- a) The Board hereby delegates to the Assessor and the Economic Development Officer the responsibility for processing applications pursuant to this Chapter.
- b) The Assessor shall prescribe exemption application forms and the information required to be included in the application.
 - (i) If eligible property is located in a city, and the city has adopted an ordinance or resolution under Chapter 112, Oregon Laws 2016 (Senate Bill 1565 (2016)), the applicant shall elect the exemption the applicant wishes to receive for the eligible property by submitting the application to either the city or the County, as applicable.
 - (ii) If the initial cost of investment of the eligible property exceeds \$25,000,000, the applicant shall specify in the application the items of eligible property having a total cost of initial investment of \$25,000,000 for which the exemption is sought.
 - (iii) An application must be accompanied by an application fee fixed by the Board by a board order in an amount determined to compensate the County for the actual costs of processing the application.
- c) An application must be submitted for review to the Economic Development Officer on or before March 1st preceding the property tax year to which the application relates. However, an application may be filed under this Chapter for the current property tax year:
 - (i) On or before December 31st of the property tax year, if the application is accompanied by a late filing fee of the greater of \$200.00 or one-tenth of one percent of the real market value as of the most recent assessment date of the eligible property to which the application relates.
 - (ii) On or before April 1st of the property tax year, if the application is accompanied by a late filing fee of \$200.00 and the applicant demonstrates good and sufficient cause, as defined in ORS 307.162, for failing to file a timely application or is a first-time filer, as defined in ORS 307.162.
 - (iii) A late filing fee collected under this subsection must be deposited in the County's general fund.
 - (iv) An application may be filed as provided in this subsection notwithstanding that there are no grounds for hardship as required for late filing under ORS 307.475.
 - (v) If the ownership of all property included in the application for a prior year remains unchanged, a new application is not required.
- d) Upon receipt of an application, the Economic Development Officer shall determine as soon as practicable:
 - (i) Whether the property to which the application relates is eligible property located within the unincorporated area of Yamhill County;
 - (ii) The cost of initial investment of the eligible property to the purchaser; and
 - (iii) The date on which the eligible property was first placed in service.
- e) If any determination made pursuant to subsection (d) renders the property ineligible for the exemption, the application shall be rejected.
- f) An application for exemption may not be approved unless the applicant agrees to, and complies with, the following conditions:
 - (i) The following standards apply to the imposition of conditions under this Chapter:
 1. The Economic Development Officer may propose conditions to the Board, and the Board may direct the Economic Development Officer to communicate those conditions to the applicant as proposed, or they may otherwise modify the proposed conditions at their discretion. In addition, the Board may establish other reasonable conditions related to economic development, including, but not limited to, greater employment requirements than those required by YCC 3.25.04(f)(i)(4).
 2. The Economic Development Officer shall communicate the proposed conditions to the applicant after the Economic Development Officer has discussed proposed conditions with the Board. The Economic Development Officer shall communicate any feedback from the applicant to the Board, until a set of conditions has been agreed upon by the applicant and the Board.
 3. All conditions must be satisfied within 90 days of the date of the Board's order granting an exemption unless a greater period is granted in the board order.

4. Each board order granting a property tax exemption under this Chapter shall contain the following terms as conditions:
 - (A) The applicant must agree to enter into a first-source hiring agreement with the Board for the period of the exemption.
 - (B) As of a date certain agreed upon by the applicant and the Board, but in no event later than the end of the first property tax year for which the exemption is granted, the employment of the applicant may not be less than the greater of:
 - a. 110 percent of the annual average employment of the applicant; or
 - b. The annual average employment of the applicant plus one employee.
 - (C) The applicant, or another firm under common control, may not close or permanently curtail operations in another part of the state that is more than 30 miles from the eligible location. This subsection applies to the transfer of any of the applicant's operations to an eligible location from another part of the state if the closure or permanent curtailment in the other part of the state decreased the applicant's employment in the other part of the state.
 - (D) The applicant or another firm under common control may not close or permanently curtail operations in another part of the state that is 30 miles or less from the eligible location unless the employment of the applicant at the eligible location and at the other locations from which employees were transferred has been increased to not less than 110 percent of the annual average employment of the firm at the eligible location and the other locations from which the employees were transferred.
 - (E) The applicant must agree to the procedures for monitoring and verifying compliance with the conditions as set forth in YCC 3.25.05. The Board may impose as a condition the applicant's consent to annual inspections of either the subject property or specific documentation in order to substantiate applicant's compliance with any conditions.
2. The Board may make the conditions required by YCC 3.25.04(f)(i)(4) more stringent, but they cannot make them less stringent.
 - (ii) The conditions established under this subsection (f) may be modified at the request of the applicant at any time before the beginning of the first property tax year for which the exemption is granted.
 - (iii) The conditions established under this subsection shall be set forth in the board order adopted under subsection (g) and shall remain in effect throughout the period for which the exemption is granted.
- g) If the property is eligible for exemption under subsection (d), and the applicant has agreed to all conditions ordered pursuant to subsection (f), the Economic Development Officer shall present a drafted board order to the Board:
 - (i) Approving the application;
 - (ii) Stating the conditions; and
 - (iii) Notifying the Assessor and, if the qualified property is state-appraised industrial property, the DOR of the approval and including with the notification such information as is necessary for the Assessor and the DOR to perform their respective duties with respect to the qualified property.
- h) Provided all other requirements of ORS 305.275 are met, the cost of initial investment of the qualified property as determined under this Chapter may be appealed pursuant to ORS 305.275 even if, for purposes of ORS 305.275(1)(a), the Board makes the determination of the cost. The rejection of an application on any basis other than the cost of initial investment may not be appealed.
- i) For each property tax year that qualified property is granted exemption, the Assessor:
 - (i) Shall enter on the assessment and tax roll the notation "potential additional tax liability"; and
 - (ii) May impose and collect a fee in an amount determined by the Assessor to compensate the Assessor for the actual costs of administering the exemption for the qualified property.

[ADOPTED VIA ORDINANCE NO. 939 eff 04/09/25]

3.25.05 Procedures for Monitoring and Verifying Compliance.

- a) By April 1st of each tax year subject to exemption, the applicant shall provide a written report to the Economic Development Officer detailing how the applicant has remained in compliance with all the conditions during the previous tax year. The applicant shall attach all documentation necessary to the report in order to substantiate compliance with all conditions.
- b) The Economic Development Officer shall review the report for compliance with all the conditions during the previous tax year. The Economic Development Officer may request additional documentation from the applicant in order to verify compliance with all the conditions.
- c) At any point while the property is subject to exemption, either the Economic Development Officer or the Assessor may request an inspection of the subject property and/or any documents which would substantiate compliance with any conditions imposed upon the grant of exemption.
- d) Upon conclusion by either the Economic Development Officer or the Assessor that the applicant has failed to comply with any conditions at any point while the property is subject to exemption, the Assessor shall comply with the disqualification process provided under YCC 3.25.06.

[ADOPTED VIA ORDINANCE NO. 939 eff 04/09/25]

3.25.06 Disqualification.

- a) The Assessor shall immediately disqualify the property for this exemption, and the disqualified property shall be assessed and taxed in the same manner as other property is assessed and taxed, if, in any year through the final assessment year of the exemption:
 - (i) The qualified property is not used for the purpose, or at the location, identified in the application; or
 - (ii) The applicant fails to comply with the conditions established and agreed to in the board order.
- b) Upon disqualification, additional taxes shall be assessed against the property for the first property tax year following the disqualification in an amount equal to the difference between the taxes assessed against the property and the taxes that would have been assessed against the property without the exemption, for the number of years that the exemption was granted.
- c) Disqualifications under this section may be appealed in accordance with ORS 305.275.

[ADOPTED VIA ORDINANCE NO. 939 eff 04/09/25]

3.25.07 Sunset. This Chapter shall be repealed in its entirety on January 2, 2030. However, newly constructed or installed industrial improvements that are granted exemption shall continue to receive the exemption under the provisions of the board order granting the exemption.

[ADOPTED VIA ORDINANCE NO. 939 eff 04/09/25]

3.25.08 Reporting to DOR. If the County has granted an exemption under this Chapter, then as soon as practicable after December 1st of each year, the Economic Development Officer shall submit the following information from the current property tax year to DOR:

- a) The kind and value of the qualified property;
- b) The name of the owner or lessee that submitted an approved application;
- c) The real market value of the qualified property;
- d) The amount of ad valorem property taxes that were not imposed on the property because of the exemption;
- e) The number of years and the percentage of real market value for which the exemption was granted; and
- f) A copy of the employment and other conditions established for the property.

[ADOPTED VIA ORDINANCE NO. 939 eff 04/09/25]

LEGISLATIVE HISTORY

Adopted via Ordinance No. 939 on 01/09/2025, effective 04/09/2025