

Bond Case Briefs

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TAX - OREGON

City of Seattle v. Department of Revenue

Supreme Court of Oregon, En Banc - September 11, 2015 - P.3d - 2015 WL 5306744

Cities appealed from Tax Court's summary judgment ruling that their interest in electrical transmission capacity could be taxed by Department of Revenue as a property interest "held" by taxpayers.

The Supreme Court of Oregon held that:

- Cities' interest in electrical transmission capacity could be taxed, and
- Senate bill which repealed property tax exemption benefiting out-of-state municipal corporations was not a "bill for raising revenue" within meaning of state constitutional provision requiring that bill for raising revenue originate in House of Representatives.

Cities' interest in electrical transmission capacity, purchased from electrical cooperative and used to transmit electricity over region's federally administered power grid, could be taxed by Department of Revenue as a property interest "held" by the cities pursuant to statute under which real and personal property of the United States held by a taxpayer comes within exception of general exemption of federal property from taxation.

Senate bill which repealed property tax exemption benefiting out-of-state municipal corporations was not a "bill for raising revenue" within meaning of state constitutional provision requiring that bill for raising revenue originate in House of Representatives and pass by three-fifths vote, where bill, although generating revenue by removing a tax exemption, did not directly levy a tax.