

SB 311 A -A6 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 5/10, 6/13

WHAT THE MEASURE DOES:

Authorizes city or county to adopt ordinance or resolution providing exemption or partial exemption from ad valorem property taxation to eligible property that will be seismically retrofitted. Requires adopted ordinance or resolution to state the percentage of the exemption to be applied to the real market value of the eligible property. Allows for fifteen year exemption period. Exemption eligibility ends at earlier of specified period of years or the date on which the dollar amount of the tax benefit of the exemption equals the eligible costs for the property. Defines eligible property as improvements built before January 1, 1993 that constitute a commercial, industrial or multifamily building that is not centrally assessed or state appraised industrial property. Defines eligible costs as costs directly related to the work necessary to seismically retrofit eligible property and incurred after an application relating to retrofit has been approved. Specifies costs not to be included as eligible costs. Reduces amount of eligible costs by amount of other government incentives received.

Requires rates of taxation of the taxing districts located within the territory of the city or county, when combined with city/county rate of taxation, to equal or exceed 75% of the total combined rate of taxation within the territory of the city or county for exemption to become effective. Specifies administrative and filing responsibilities of city/county, county assessor and property owner. Provides authority to city/county to further restrict eligible property by property type, impose an annual cap on total dollar value of exemptions, impose any other non-conflicting conditions and impose application fee.

Requires fee to be paid to assessor to compensate assessor for specified duties. Requires proposed seismic retrofitting to meet specified performance standard. Requires reporting of other government retrofitting incentives received. Requires back taxes to be imposed and collected in instances of exemption disqualification. Specifies computation of maximum assessed value and assessed value in certain circumstances. Sunsets initial application for exemption on January 2, 2028 with eligible property granted exemption prior to sunset date allowed to qualify for exemption for duration of qualification period.

ISSUES DISCUSSED:

- How measure could work in conjunction with PACE program
- Whether measure has parameters that take into account property owner's ability to pay for seismic retrofits without benefit of property tax exemption
- Existence of property on Oregon coast that could be affected by the measure's provisions
- For exemption to occur, local government development/oversight/approval of program is required
- Potential for tax increase following the seismic retrofit due to increased property value and new computation of property's maximum assessed value
- Potential for properties receiving exemption to be required to post notice of property tax exemption benefit and inform public as to how those funds are being used
- Other funding sources for unreinforced masonry building retrofits
- Proposed A3 amendment
- Estimate of property tax loss based upon City of Portland's expected retrofit program parameters
- Impact property tax exemptions have upon state school fund and how property tax exemptions occurring in one area of the state can impact school funding throughout the state

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- Ability of Association of Oregon Counties or League of Oregon Cities to provide centralized support to counties and cities interested in establishing program.

EFFECT OF AMENDMENT:

-A6 Requires taxing district governing bodies agreeing to the exemption or partial exemption to impose a limit on the total amount of exemptions and partial exemptions that may be approved. Modifies provision requiring plans, calculations and other documentation provided to city or county. Modifies potential cause of disqualification. Makes non-substantive statutory language changes.

BACKGROUND:

Seismically retrofitting property can include a number of changes to the property such as: roof to wall anchoring, continuity ties, adding steel bracing, column fiber wrapping, and installing sheer walls. Unreinforced masonry buildings are especially vulnerable to damage or collapse from earthquakes. City of Portland's Unreinforced Masonry Seismic Retrofit Project recommends requiring seismic retrofitting of differing levels for all unreinforced masonry buildings based upon characteristics specific to the building. Cost of retrofits can be substantial to property owners. SB 311 allows cities and counties to make available full or partial property tax exemptions that, depending upon design of exemption program and the properties in question, could offset some or all of the direct costs associated with seismic retrofits of eligible property.