

HB 2964 A STAFF MEASURE SUMMARY

Carrier: Sen. Dembrow, Sen. Thomsen

Senate Committee On Finance and Revenue

Action Date: 05/24/17
Action: Do pass with amendments. (Printed A-Eng.)
Vote: 5-0-0-0
Yeas: 5 - Baertschiger Jr, Boquist, Hass, Riley, Taylor
Fiscal: No fiscal impact
Revenue: Revenue impact issued
Prepared By: Kyle Easton, Economist

WHAT THE MEASURE DOES:

Modifies existing permissive property tax exemption to allow existing qualified dwelling units newly purchased or rehabilitated to qualify for property tax exemption for up to ten successive property tax years. Modification applies to ordinances or resolutions adopted or amended by a city legislative body after effective date of act. Sunsets city's authority to approve an application for exemption on January 1, 2025. Qualified dwelling units granted exemption prior to January 1, 2025 sunset date continue to receive the exemption for the period of time for which the exemption was granted. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Example of how the program works for developers and purchasers of the incentivized property
- How sales price is determined, what final price is referenced
- Impact of price inflation on property values
- Revenue impact of existing program
- SB 827 is identical and is also in Senate Finance and Revenue (house bill moved more quickly through House Chamber).

EFFECT OF AMENDMENT:

Added sunset language placing sunset on city's authority to approve an application for exemption beginning on January 1, 2025. Allows qualified dwelling units granted exemption prior to January 1, 2025 sunset date to continue to receive the exemption for the period of time for which the exemption was granted.

BACKGROUND:

ORS 307.651 - 307.687 provides authority to cities to, by ordinance or resolution, grant a property tax exemption to newly constructed owner occupied single unity housing that has a market value upon completion of no more than 120 percent (or lesser percentage if adopted by city) of median sales price of dwelling units located within the city. Structure is exempt from property taxation for up to ten years, the land however remains taxable. Exemption is from city imposed taxes, or, all district imposed taxes if districts with a combined rate of taxation equal to 51 percent or more agree to exemption. A city is required to adopt standards and guidelines to be utilized in considering applications and making qualification determinations.

Changes contained in measure would allow newly purchased or rehabilitated property to qualify for exemption in addition to newly constructed. Modifications to exemption apply if: city adopts ordinance or resolution after the effective date of measure or if city amends a previously adopted ordinance or resolution. Engrossed measure sunsets city's authority to approve an application for exemption on January 1, 2025. Qualified dwelling units granted exemption prior to January 1, 2025 sunset date continue to receive the exemption for the period of time for which the exemption was granted.