

Requested by HOUSE COMMITTEE ON REVENUE

**PROPOSED AMENDMENTS TO
HOUSE BILL 4027**

1 On page 1 of the printed bill, line 2, after “ORS” insert “307.517, 307.518,
2 307.523, 307.529, 307.535.”.

3 In line 3, delete “, and section 1, chapter 571, Oregon Laws 2015”.

4 Delete lines 6 through 25 and delete page 2.

5 On page 3, delete lines 1 through 22.

6 In line 23, delete “3” and insert “1”.

7 In line 24, delete “4” and insert “2”.

8 In line 43, delete “5” and insert “3”.

9 On page 4, line 23, delete “6” and insert “4”.

10 In line 30, delete “7” and insert “5”.

11 In line 31, delete “4 to 6” and insert “2 to 4”.

12 In line 32, delete “3” and insert “1”.

13 Delete lines 34 through 45 and delete pages 5 and 6 and insert:

14 **“SECTION 6. (1) Notwithstanding the repeal of ORS 308.677 by sec-**
15 **tion 1 of this 2018 Act and any decision of the Department of Revenue**
16 **to the contrary made before the effective date of this 2018 Act, the**
17 **property of a company described in ORS 308.515 (1) shall be granted the**
18 **exemption under ORS 308.677 (2015 Edition) as provided in this section**
19 **if:**

20 **“(a) The company’s application for a qualified project determination**
21 **was approved by the Public Utility Commission pursuant to ORS**

1 **308.677 (4) (2015 Edition) on or before March 1, 2016; and**

2 **“(b) The company began operating a qualified project on or before**
3 **January 1, 2018.**

4 **“(2)(a) A company seeking an exemption under this section must**
5 **submit a claim to the Department of Revenue within 30 days after the**
6 **effective date of this 2018 Act.**

7 **“(b) The department shall approve a claim that demonstrates that**
8 **the company meets the requirements of subsection (1) of this section.**
9 **To demonstrate that the company is operating a qualified project, it**
10 **is sufficient for the claim to show that the company is providing**
11 **communication services of, at least, approximately one gigabit per**
12 **second symmetrical service to at least one residential customer.**

13 **“(c) If the department approves a company’s claim, the exemption**
14 **shall be granted for the first property tax year that began or begins**
15 **after the date on which the company first began operating a qualified**
16 **project. The exemption may not be granted to the property of the**
17 **company for any other property tax year.**

18 **“(d) If the department rejects a claim, the department shall notify**
19 **the company of the decision.**

20 **“SECTION 7. Section 6 of this 2018 Act is repealed on January 2,**
21 **2021.**

22 **“SECTION 8. ORS 307.517 is amended to read:**

23 **“307.517. (1) Property or a portion of the property is exempt from taxation**
24 **as provided under ORS 307.515 to 307.523 if:**

25 **“(a) The property is:**

26 **“(A) Offered for rent; or**

27 **“(B) Held for the purpose of developing low income rental housing, for a**
28 **period not exceeding a reasonable maximum period, if any, adopted by the**
29 **governing body;**

30 **“(b) The property, if occupied, is occupied solely by low income persons;**

1 “(c) The required rent payment reflects the full value of the property tax
2 exemption;

3 “(d) The exemption has been approved as provided in ORS 307.523, **pur-**
4 **suant to an application filed before July 1, 2020;**

5 “(e) The housing units on the property were constructed after the local
6 governing body adopted the provisions of ORS 307.515 to 307.523; and

7 “(f) The information disclosed on the application filed pursuant to ORS
8 307.521 meets any other criteria adopted by the governing body.

9 “(2) A governing body that adopts the provisions of ORS 307.515 to 307.523
10 may adopt additional criteria for exemption that do not conflict with the
11 criteria described in subsection (1)(a) to (e) of this section.

12 “(3) For the purposes of subsection (1) of this section, a person that has
13 only a leasehold interest in property is deemed to be a purchaser of that
14 property if:

15 “(a) The person is obligated under the terms of the lease to pay the ad
16 valorem taxes on the real and personal property used in this activity on that
17 property; or

18 “(b) The rent payable has been established to reflect the savings resulting
19 from the exemption from taxation.

20 **“SECTION 9.** ORS 307.518 is amended to read:

21 “307.518. (1) Property or a portion of property is exempt from taxation as
22 provided under ORS 307.515 to 307.523 if:

23 “(a) The property, if unoccupied, is:

24 “(A) Offered for rental solely as a residence for low income persons; or

25 “(B) Held for the purpose of developing low income rental housing, for a
26 period not exceeding a reasonable maximum period, if any, adopted by the
27 governing body;

28 “(b) The property, if occupied, is occupied solely as a residence for low
29 income persons;

30 “(c) An exemption for the property has been approved as provided under

1 ORS 307.523, pursuant to an application filed before [*January*] **July** 1, 2020;

2 “(d) The property is owned or being purchased by a nonprofit corporation
3 organized in a manner that meets the criteria for a public benefit corporation
4 or a religious corporation, both terms as defined in ORS 65.001;

5 “(e) The property is owned or being purchased by a nonprofit corporation
6 that expends no more than 10 percent of the nonprofit corporation’s annual
7 income from residential rentals for purposes other than the acquisition,
8 maintenance or repair of residential rental property for low income persons
9 or for the provision of on-site child care services for the residents of the
10 rental property; and

11 “(f) The information disclosed on the application filed pursuant to ORS
12 307.521 meets any other criteria adopted by the governing body.

13 “(2) A governing body that adopts the provisions of ORS 307.515 to 307.523
14 may adopt additional criteria for exemption that do not conflict with the
15 criteria described in subsection (1)(a) to (e) of this section.

16 “(3) For the purposes of this section, a nonprofit corporation that has
17 only a leasehold interest in property is considered to be a purchaser of that
18 property if:

19 “(a) The nonprofit corporation is obligated under the terms of the lease
20 to pay the ad valorem taxes on the real and personal property used in the
21 rental activity on that property; or

22 “(b) The rent payable has been established to reflect the savings resulting
23 from the exemption from taxation.

24 “(4) A partnership shall be considered a nonprofit corporation for pur-
25 poses of this section if:

26 “(a) A nonprofit corporation is a general partner of the partnership; and

27 “(b) The nonprofit corporation is responsible for the day-to-day operation
28 of the property that is the subject of the exemption under ORS 307.515 to
29 307.523.

30 **SECTION 10.** ORS 307.523 is amended to read:

1 “307.523. (1) Application shall be made on or before December 1 of the
2 calendar year immediately preceding the first assessment year for which ex-
3 emption is requested, and shall be accompanied by the application fee re-
4 quired under ORS 307.527. However, if the property is acquired after
5 November 1, the application shall be made within 30 days after the date of
6 acquisition.

7 “(2) Within 60 days of the filing of an application under ORS 307.521, the
8 governing body shall take final action upon the application as provided un-
9 der ORS 307.527, and certify the results of the action to the county assessor,
10 as set forth in ORS 307.512.

11 “(3) Upon receipt of certification under subsection (2) of this section, the
12 county assessor shall exempt the property from taxation to the extent certi-
13 fied by the governing body.

14 **“(4) Notwithstanding the dates specified in ORS 307.517 and 307.518,**
15 **property granted exemption pursuant to an application filed under**
16 **ORS 307.517 or 307.518 before July 1, 2020, shall continue to receive the**
17 **exemption on the same terms, including duration, on which the ex-**
18 **emption was granted.**

19 **“SECTION 11.** ORS 307.529 is amended to read:

20 “307.529. (1) Except as provided in ORS 307.531, if, after an application
21 for exemption under ORS 307.517 has been approved under ORS 307.527, the
22 governing body finds that construction or development of the exempt prop-
23 erty differs from the construction or development described in the applica-
24 tion for exemption, or is not completed on or before [*January*] **July 1, 2020,**
25 or that any provision of ORS 307.515 to 307.523 is not being complied with,
26 or any provision required by the governing body pursuant to ORS 307.515 to
27 307.523 is not being complied with, the governing body shall give notice of
28 the proposed termination of the exemption to the owner, by mailing the no-
29 tice to the last-known address of the owner, and to every known lender, by
30 mailing the notice to the last-known address of every known lender. The

1 notice shall state the reasons for the proposed termination and shall require
2 the owner to appear at a specified time, not less than 20 days after mailing
3 the notice, to show cause, if any, why the exemption should not be termi-
4 nated.

5 “(2) If the owner fails to appear and show cause why the exemption
6 should not be terminated, the governing body shall notify every known
7 lender, and shall allow any lender not less than 30 days after the date the
8 notice of the failure to appear and show cause is mailed to cure any non-
9 compliance or to provide assurance adequate to the governing body that all
10 noncompliance shall be remedied.

11 “(3) If the owner fails to appear and show cause why the exemption
12 should not be terminated, and the lender fails to cure or give adequate as-
13 surance of the cure of any noncompliance, the governing body shall adopt
14 an ordinance or resolution stating its findings terminating the exemption.
15 A copy of the ordinance or resolution shall be filed with the county assessor,
16 and a copy shall be sent to the owner at the owner’s last-known address and
17 to the lender at the last-known address of the lender within 10 days after its
18 adoption.

19 “**SECTION 12.** ORS 307.535 is amended to read:

20 “307.535. Notwithstanding any provision of ORS 307.515 to 307.523:

21 “(1) If the governing body finds that construction of the housing unit
22 otherwise entitled to exemption under ORS 307.517 was not completed by
23 [January] **July** 1, 2020, due to circumstances beyond the control of the
24 owner, and that the owner had been acting and could reasonably be expected
25 to act in good faith and with due diligence, the governing body may extend
26 the deadline for completion of construction for a period not to exceed 12
27 consecutive months.

28 “(2) If property granted exemption under ORS 307.515 to 307.523 is de-
29 stroyed by fire or act of God, or is otherwise no longer capable of owner-
30 occupancy due to circumstances beyond the control of the owner, the

1 exemption shall cease but no additional taxes shall be imposed upon the
2 property under ORS 307.531 or 307.533.

3 **“SECTION 13. This 2018 Act takes effect on the 91st day after the**
4 **date on which the 2018 regular session of the Seventy-ninth Legislative**
5 **Assembly adjourns sine die.”**

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