

# House Bill 2167

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Provides that, for ad valorem property tax purposes, real market value of commercial and industrial property be three-year average. Provides five-year ramp-up to taxation on real market value of commercial and industrial property that has ratio of maximum assessed value to real market value of 90 percent or less.

Sets rate of property taxes imposed on commercial and industrial property at \$\_\_\_\_\_, with first \$5 dedicated to school districts, education service districts and community college districts. Provides that \$5 of such rate is not subject to compression under Ballot Measure 5 (1990). Bars commercial and industrial property from receiving discount upon early payment of property taxes.

Directs Department of Revenue to help counties with extra complexity due to changes made by Act. Appropriates moneys to Department of Revenue for providing such help.

Becomes operative only if House Joint Resolution 4 (2019) is approved by people at next regular general election. Becomes operative on effective date of constitutional amendment proposed by House Joint Resolution 4 (2019).

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to property taxation of certain business property; creating new provisions; amending ORS  
3 308.205 and 311.505; and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 308.205 is amended to read:

6 308.205. (1) Real market value of all property, real and personal, means the amount in cash that  
7 could reasonably be expected to be paid by an informed buyer to an informed seller, each acting  
8 without compulsion in an arm's-length transaction occurring as of the assessment date for the tax  
9 year.

10 (2) Real market value in all cases shall be determined by methods and procedures in accordance  
11 with rules adopted by the Department of Revenue and in accordance with the following:

12 (a) The amount a typical seller would accept or the amount a typical buyer would offer that  
13 could reasonably be expected by a seller of property.

14 (b) An amount in cash shall be considered the equivalent of a financing method that is typical  
15 for a property.

16 (c) If the property has no immediate market value, its real market value is the amount of money  
17 that would justly compensate the owner for loss of the property.

18 (d) If the property is subject to governmental restriction as to use on the assessment date under  
19 applicable law or regulation, real market value shall not be based upon sales that reflect for the  
20 property a value that the property would have if the use of the property were not subject to the  
21 restriction unless adjustments in value are made reflecting the effect of the restrictions.

22 **(3) For purposes of ad valorem property taxation, for any property tax year the real**  
23 **market value of property classified as commercial or industrial under rules adopted by the**  
24 **Department of Revenue pursuant to ORS 308.215 shall be the average of the real market**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 value, as defined in this section, of the property for the current assessment year and the two  
 2 immediately preceding assessment years.

3 **SECTION 2.** (1) Notwithstanding any other provision of law, the rate of ad valorem  
 4 property taxes imposed by any taxing district on property that is classified as commercial  
 5 or industrial under rules adopted by the Department of Revenue pursuant to ORS 308.215  
 6 shall be \$\_\_\_\_\_ per thousand dollars of real market value. The limits on the collection of  
 7 property taxes under Article XI, section 11b, of the Oregon Constitution, do not apply to  
 8 taxes assessed in accordance with this subsection.

9 (2)(a) Of the taxes imposed and collected at the rate set under subsection (1) of this  
 10 section for property described in subsection (1) of this section, the amount collected on the  
 11 first \$5:

12 (A) Shall be distributed to school districts, education service districts and community  
 13 college districts within which the property is located; and

14 (B) May not be reduced by any exemption that is not in effect on or before June 30, 2021.

15 (b) Any exemption that takes effect on or after July 1, 2021, may be granted with respect  
 16 to property described in subsection (1) of this section on the rate of tax that is greater than  
 17 the \$5 dedicated to school districts, education service districts or community college dis-  
 18 tricts, which shall receive the same distributions as provided in paragraph (a)(A) of this  
 19 subsection without reduction for the exemption.

20 (3) This section does not affect any laws relating to local option taxes as applied to  
 21 property described in subsection (1) of this section.

22 (4) Taxes imposed on property described in subsection (1) of this section may not receive  
 23 the discount for payment of taxes granted under ORS 311.505.

24 **SECTION 3.** (1) This section applies to property described in section 2 (1) of this 2019 Act  
 25 if, for the assessment year beginning on January 1, 2021, the ratio of the maximum assessed  
 26 value of the property over the real market value of the property is less than or equal to 90  
 27 percent.

28 (2) Notwithstanding any other provision of law:

29 (a) For the property tax year beginning on July 1, 2021, the real market value of the  
 30 property shall be the maximum assessed value of the property plus 20 percent of the differ-  
 31 ence between the maximum assessed value and the real market value of the property.

32 (b) For the property tax year beginning on July 1, 2022, the real market value of the  
 33 property shall be the maximum assessed value of the property plus 40 percent of the differ-  
 34 ence between the maximum assessed value and the real market value of the property.

35 (c) For the property tax year beginning on July 1, 2023, the real market value of the  
 36 property shall be the maximum assessed value of the property plus 60 percent of the differ-  
 37 ence between the maximum assessed value and the real market value of the property.

38 (d) For the property tax year beginning on July 1, 2024, the real market value of the  
 39 property shall be the maximum assessed value of the property plus 80 percent of the differ-  
 40 ence between the maximum assessed value and the real market value of the property.

41 (e) For property tax years beginning on or after July 1, 2025, the real market value of the  
 42 property shall be determined under ORS 308.205.

43 **SECTION 4.** Section 3 of this 2019 Act is repealed on January 2, 2029.

44 **SECTION 5.** ORS 311.505 is amended to read:

45 311.505. (1) Except as provided in subsection (6) of this section, the first one-third of all taxes

1 and other charges due from the taxpayer or property, levied or imposed and charged on the latest  
 2 tax roll, shall be paid on or before November 15, the second one-third on or before February 15, and  
 3 the remaining one-third on or before May 15 next following.

4 (2) Interest shall be charged and collected on any taxes on property, other charges, and on any  
 5 additional taxes or penalty imposed for disqualification of property for special assessment or ex-  
 6 emption, or installment thereof not paid when due, at the rate of one and one-third percent per  
 7 month, or fraction of a month until paid.

8 (3) **Except as provided in section 2 of this 2019 Act**, discounts shall be allowed on partial or  
 9 full payments of such taxes, made on or before November 15 as follows:

10 (a) Two percent on two-thirds of such taxes so paid.

11 (b) Three percent where all of such taxes are so paid.

12 (4) For purposes of this section, “taxes” includes all taxes on property as defined in ORS 310.140  
 13 and certified to the assessor under ORS 310.060 except taxes assessed on any other property which  
 14 have by any means become a lien against the property for which the payment was made.

15 (5) All interest collected and all discounts allowed shall be prorated to the several municipal  
 16 corporations, taxing districts and governmental agencies sharing in the taxes or assessments.

17 (6) If the total property tax is less than \$40, no installment payment of taxes shall be allowed.

18 **SECTION 6. The Department of Revenue shall provide each county with a software pro-**  
 19 **gram, or technical assistance, to help the county assessors and tax collectors with the extra**  
 20 **complexity of assessing and collecting ad valorem property taxes due to the provisions of**  
 21 **sections 2 and 3 of this 2019 Act and the amendments to ORS 308.205 and 311.505 by sections**  
 22 **1 and 5 of this 2019 Act.**

23 **SECTION 7. Section 6 of this 2019 Act is repealed on January 2, 2029.**

24 **SECTION 8. There is appropriated to the Department of Revenue, for the biennium be-**  
 25 **ginning July 1, 2019, out of the General Fund, the amount of \$\_\_\_\_\_**, to be deposited in the  
 26 **County Assessment Function Funding Assistance Account created under ORS 294.184, for the**  
 27 **purpose of helping county assessors and tax collectors with the extra complexity of assessing**  
 28 **and collecting ad valorem property taxes due to the provisions of sections 2 and 3 of this 2019**  
 29 **Act and the amendments to ORS 308.205 and 311.505 by sections 1 and 5 of this 2019 Act. This**  
 30 **appropriation is available continuously until expended for the purpose specified in this sec-**  
 31 **tion.**

32 **SECTION 9. This 2019 Act does not become operative unless the amendment to the**  
 33 **Oregon Constitution proposed by House Joint Resolution 4 (2019) is approved by the people**  
 34 **at the regular general election held in November 2020. This 2019 Act becomes operative on**  
 35 **the effective date of that amendment.**

36 **SECTION 10. This 2019 Act takes effect on the 91st day after the date on which the 2019**  
 37 **regular session of the Eightieth Legislative Assembly adjourns sine die.**

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