

# Senate Bill 737

Sponsored by Senator MANNING JR; Senators BEYER, PROZANSKI, Representatives HOLVEY, KENY-GUYER, LIVELY, REARDON, WILDE

## 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**.

Extends sunset for property tax exemption for low income rental housing.  
Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to tax exemptions for affordable housing; amending ORS 307.517, 307.518, 307.523, 307.529  
3 and 307.535; and prescribing an effective date.

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

5 **SECTION 1.** ORS 307.517, as amended by section 10, chapter 111, Oregon Laws 2018, is  
6 amended to read:

7 307.517. (1) Property or a portion of the property is exempt from taxation as provided under ORS  
8 307.515 to 307.523 if:

9 (a) The property is:

10 (A) Offered for rent; or

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

13 (b) The property, if occupied, is occupied solely by low income persons;

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

15 (d) The exemption has been approved as provided in ORS 307.523, pursuant to an application  
16 filed before July 1, [2020] **2030**;

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

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

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

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

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

28 (b) The rent payable has been established to reflect the savings resulting from the exemption  
29 from taxation.

30 **SECTION 2.** ORS 307.518, as amended by section 11, chapter 111, Oregon Laws 2018, is  
31 amended to read:

**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.

1 307.518. (1) Property or a portion of property is exempt from taxation as provided under ORS  
2 307.515 to 307.523 if:

3 (a) The property, if unoccupied, is:

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

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

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

8 (c) An exemption for the property has been approved as provided under ORS 307.523, pursuant  
9 to an application filed before July 1, [2020] 2030;

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

13 (e) The property is owned or being purchased by a nonprofit corporation that expends no more  
14 than 10 percent of the nonprofit corporation's annual income from residential rentals for purposes  
15 other than the acquisition, maintenance or repair of residential rental property for low income per-  
16 sons or for the provision of on-site child care services for the residents of the rental property; and

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

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

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

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

26 (b) The rent payable has been established to reflect the savings resulting from the exemption  
27 from taxation.

28 (4) A partnership shall be considered a nonprofit corporation for purposes of this section if:

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

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

32 **SECTION 3.** ORS 307.523, as amended by section 12, chapter 111, Oregon Laws 2018, is  
33 amended to read:

34 307.523. (1) Application shall be made on or before December 1 of the calendar year immediately  
35 preceding the first assessment year for which exemption is requested, and shall be accompanied by  
36 the application fee required under ORS 307.527. However, if the property is acquired after November  
37 1, the application shall be made within 30 days after the date of acquisition.

38 (2) Within 60 days of the filing of an application under ORS 307.521, the governing body shall  
39 take final action upon the application as provided under ORS 307.527, and certify the results of the  
40 action to the county assessor, as set forth in ORS 307.512.

41 (3) Upon receipt of certification under subsection (2) of this section, the county assessor shall  
42 exempt the property from taxation to the extent certified by the governing body.

43 (4) Notwithstanding the dates specified in ORS 307.517 and 307.518, property granted exemption  
44 pursuant to an application filed under ORS 307.517 or 307.518 before July 1, [2020] 2030, shall con-  
45 tinue to receive the exemption on the same terms, including duration, on which the exemption was

1 granted.

2 **SECTION 4.** ORS 307.529, as amended by section 13, chapter 111, Oregon Laws 2018, is  
 3 amended to read:

4 307.529. (1) Except as provided in ORS 307.531, if, after an application for exemption under ORS  
 5 307.517 has been approved under ORS 307.527, the governing body finds that construction or devel-  
 6 opment of the exempt property differs from the construction or development described in the appli-  
 7 cation for exemption, or is not completed on or before July 1, [2020] **2030**, or that any provision of  
 8 ORS 307.515 to 307.523 is not being complied with, or any provision required by the governing body  
 9 pursuant to ORS 307.515 to 307.523 is not being complied with, the governing body shall give notice  
 10 of the proposed termination of the exemption to the owner, by mailing the notice to the last-known  
 11 address of the owner, and to every known lender, by mailing the notice to the last-known address  
 12 of every known lender. The notice shall state the reasons for the proposed termination and shall  
 13 require the owner to appear at a specified time, not less than 20 days after mailing the notice, to  
 14 show cause, if any, why the exemption should not be terminated.

15 (2) If the owner fails to appear and show cause why the exemption should not be terminated, the  
 16 governing body shall notify every known lender, and shall allow any lender not less than 30 days  
 17 after the date the notice of the failure to appear and show cause is mailed to cure any noncompli-  
 18 ance or to provide assurance adequate to the governing body that all noncompliance shall be reme-  
 19 died.

20 (3) If the owner fails to appear and show cause why the exemption should not be terminated,  
 21 and the lender fails to cure or give adequate assurance of the cure of any noncompliance, the gov-  
 22 erning body shall adopt an ordinance or resolution stating its findings terminating the exemption.  
 23 A copy of the ordinance or resolution shall be filed with the county assessor, and a copy shall be  
 24 sent to the owner at the owner's last-known address and to the lender at the last-known address of  
 25 the lender within 10 days after its adoption.

26 **SECTION 5.** ORS 307.535, as amended by section 14, chapter 111, Oregon Laws 2018, is  
 27 amended to read:

28 307.535. Notwithstanding any provision of ORS 307.515 to 307.523:

29 (1) If the governing body finds that construction of the housing unit otherwise entitled to ex-  
 30 emption under ORS 307.517 was not completed by July 1, [2020] **2030**, due to circumstances beyond  
 31 the control of the owner, and that the owner had been acting and could reasonably be expected to  
 32 act in good faith and with due diligence, the governing body may extend the deadline for completion  
 33 of construction for a period not to exceed 12 consecutive months.

34 (2) If property granted exemption under ORS 307.515 to 307.523 is destroyed by fire or act of  
 35 God, or is otherwise no longer capable of owner-occupancy due to circumstances beyond the control  
 36 of the owner, the exemption shall cease but no additional taxes shall be imposed upon the property  
 37 under ORS 307.531 or 307.533.

38 **SECTION 6. This 2019 Act takes effect on the 91st day after the date on which the 2019**  
 39 **regular session of the Eightieth Legislative Assembly adjourns sine die.**

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