

# HB 2446

House Committee on Revenue



# Bill Description & History

- Extends sunset of Non-Profit Low Income Housing tax exempt status from July 1, 2022 to July 1, 2028
- Referred to House Committee on Housing
  - Public Hearing on January 28, 2021
  - Unanimously approved and referred to House Revenue March 4, 2021
- House Revenue
  - Public Hearing on March 25, 2021





# Background

- Oregon Statute 307.130 Exempts property of charitable and scientific institutions from property tax.
- In 2013, Corvallis Neighborhood Housing Services was involved in a case challenging property taxes on the low income housing that it has acquired from Linn County Affordable Housing through a series of events.
- HB 4039 of the 2014 Session explicitly specified low income housing as an acceptable use of Non-Profit owned property with tax exempt status.
- HB 4081 of the 2016 Session extended the sunset date to July 1, 2022.





# Language

- For purposes of ORS 307.130 (2)(a), **real or personal property of a nonprofit corporation** is actually and exclusively occupied or used in the benevolent or charitable work carried on by the nonprofit corporation, and is **exempt from ad valorem property taxation**, if, for the tax year beginning on July 1, 2012, the property was actually:
  - (a) **Offered, occupied or used as low-income housing**; and
  - (b) Granted exemption under ORS 307.130 (2)(a) by the county in which the property is located.
- (2) The exemption provided under subsection (1) of this section continues until the end of the earliest tax year in which the property described in subsection (1) of this section:
  - (a) Is no longer actually offered, occupied or used as low-income housing;
  - (b) Changes ownership other than by sale or transfer to a nonprofit corporation under whose ownership the property continues to be offered, occupied or used as low-income housing; or
  - (c) Is leased in its entirety by the nonprofit corporation claiming the exemption, other than by leases for occupancy of individual units as low-income housing





## Chapter 2 – Property Tax Full Exemption

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in a rate increase for its customers. Conversely, a tax cost that is avoided by the utility could represent a savings for customers.

### 2.084 CHARITABLE, LITERARY, AND SCIENTIFIC ORGANIZATIONS

**Oregon Statute:** 307.130

**Sunset Date:** None (The low income housing exemption sunsets 6-30-2022.)

**Year Enacted:** 1854

2019-20 Estimated Reduction in the Taxable Assessed Value: \$7.4 billion

	Loss	Shift
2019-21 Revenue Impact:	\$217,400,000	\$50,300,000
2021-23 Revenue Impact:	\$238,400,000	\$55,600,000

NOTE: The revenue impact estimate includes the effect of the partial sunset.

**DESCRIPTION:**

Property owned or under contract of sale by literary, benevolent, and charitable organizations or scientific institutions is exempt from property taxation. To qualify, the organization or institution must:

- Be a nonprofit corporation
- Provide a charitable service to the public without expectation of payment
- Occupy and use the property in a manner that furthers the organization's charitable purpose.



# For More Information

- ▶ Legislative Revenue Office
- ▶ 900 Court St. NE, Room 160
  - ▶ Salem, OR 97301
  - ▶ 503-986-1266
- ▶ <https://www.oregonlegislature.gov/lro>

