

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
81st Oregon Legislative Assembly
2021 Regular Session
Legislative Revenue Office

Bill Number:	HB 3275 - B
Revenue Area:	Property Tax
Economist:	Jaime McGovern
Date:	05/21/2021

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Exempts land owned by eligible covenant holder that is burdened by affordable housing covenant requiring permanent affordability from ad valorem property taxation if improvements on land constitute owner-occupied housing. Creates partial assessed value exemption of owner-occupied affordable condominium units on land under covenant.

Revenue Impact:

This measure will likely create a revenue loss, but the magnitude is unknown.

Impact Explanation:

The full exemption of the land underneath the low-income housing development and the 27% exemption of the condo units that serve as owner-occupied affordable housing under this bill, would create a revenue loss as compared with fully taxable property. The tax exemption is only on the land, not on the improvements (the 27% of condominium value is a proxy for the land portion because land value is apportioned to condo units in property tax accounts), so the impact is expected to be minimal.

Currently, several counties already exempt similar properties in this manner under a locally adopted resolution. Those counties include Multnomah, Clackamas and Washington County. In those counties, tax revenue would be unaffected by this bill because the passage of this would merely codify current practice, and the properties would retain their exemptions.

Deschutes County has a similar program for properties that are owned by the Oregon Housing And Community Services. Those properties would be unaffected by the passage of this bill. Lincoln County has identified 12 properties which are not currently receiving exemptions, that may qualify for tax exemptions as a result of this measure. The land for these properties is exempt. The homes are fully taxable. The total annual tax revenue loss if these properties qualify is approximately \$14,000.

There may be additional property tax revenue loss if non-profits which own property reconfigure their housing contracts to align with the conditions in this bill.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is to increase the supply of affordable housing in Oregon.

State Capitol Building
900 Court St NE
Salem, Oregon 97301-1347

Phone (503) 986-1266
Fax (503) 986-1770
<https://www.oregonlegislature.gov/lro>

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