

**A-Engrossed**  
**House Bill 2438**

Ordered by the House June 15  
Including House Amendments dated June 15

Sponsored by Representative NATHANSON; Representative LEVY (Presession filed.)

**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.

*[Directs Legislative Revenue Officer to study property tax reform and report findings to interim committees of Legislative Assembly related to revenue no later than September 15, 2022.]*

**Authorizes county with population of less than 15,000 to adopt property tax exemption for newly constructed single-family dwellings built and occupied as primary residences by individuals with annual taxable income of not more than \$75,000 if filing separately or not more than \$150,000 if filing jointly. Requires county to prescribe application forms for pre-certification process and exemption. Limits new exemptions to no more than five dwellings per county per property tax year. Allows county to determine length of exemption, between three and five years. Prohibits new exemptions for property tax years beginning on or after July 1, 2032.**

Takes effect on 91st day following adjournment sine die.

**A BILL FOR AN ACT**

1  
2 Relating to property taxation; and prescribing an effective date.

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

4 **SECTION 1. As used in sections 1 to 5 of this 2021 Act:**

5 (1) **“Consumer Price Index for All Urban Consumers, West Region (All Items)” means the**  
6 **Consumer Price Index for All Urban Consumers, West Region (All Items), as published by**  
7 **the Bureau of Labor Statistics of the United States Department of Labor.**

8 (2)(a) **“Eligible housing” means a newly constructed single-family dwelling.**

9 (b) **“Eligible housing” does not include the land on which the single-family dwelling is**  
10 **situated.**

11 (3) **“Eligible owner” means an individual who will be the first person to own and occupy**  
12 **eligible housing upon completion of construction and who occupies the eligible housing as the**  
13 **individual's primary residence.**

14 (4) **“Newly constructed” means constructed beginning on a date that occurs on or after**  
15 **the effective date of a workforce housing exemption law adopted by the governing body of**  
16 **the county in which the eligible housing is located.**

17 (5) **“Workforce housing exemption law” or “exemption law” means an ordinance or re-**  
18 **solution adopted by the governing body of a county pursuant to section 2 of this 2021 Act.**

19 **SECTION 2. (1)(a) The governing body of a county with a population of less than 15,000**  
20 **may adopt an ordinance or resolution granting a property tax exemption for eligible housing**  
21 **located within the boundaries of the county.**

22 (b) **The terms of the exemption must conform to the provisions of sections 1 to 5 of this**  
23 **2021 Act.**

**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           **(2)(a) The exemption may be granted only to the eligible housing of an eligible owner who**  
2 **has annual taxable income of not more than \$75,000 if the owner files a separate federal re-**  
3 **turn, or not more than \$150,000 if the owner files a joint federal return, for the tax year of**  
4 **the eligible owner immediately preceding the tax year in which the eligible owner files an**  
5 **application under section 4 or 5 of this 2021 Act for the eligible housing.**

6           **(b) The Department of Revenue shall annually adjust the maximum annual taxable in-**  
7 **come amounts specified in paragraph (a) of this subsection by multiplying the amounts by**  
8 **the percentage, if any, by which the monthly averaged Consumer Price Index for All Urban**  
9 **Consumers, West Region (All Items), for the 12 consecutive months ending on the imme-**  
10 **diately preceding December 31 exceeds the monthly averaged Consumer Price Index for All**  
11 **Urban Consumers, West Region (All Items), for the 12 consecutive months ending on the**  
12 **second preceding December 31.**

13           **(c) The first year of exemption must be the first assessment year that begins after the**  
14 **eligible housing is first occupied by the eligible owner.**

15           **(d) No more than five dwellings in a county may be newly granted exemption as eligible**  
16 **housing for any property tax year.**

17           **(3) A workforce housing exemption law must:**

18           **(a) Set the percentage of the exemption granted against the real market value of the el-**  
19 **igible housing; and**

20           **(b) Establish the number of consecutive property tax years, not fewer than three and not**  
21 **more than five, for which the exemption may be granted.**

22           **(4)(a) A workforce housing exemption law may not take effect unless, upon request of the**  
23 **county that adopted the exemption law, the rates of taxation of the taxing districts whose**  
24 **governing bodies agree to grant the exemption, when combined with the rate of taxation of**  
25 **the county, equal 51 percent or more of the total combined rate of taxation on the eligible**  
26 **housing.**

27           **(b) If the exemption law takes effect, the exemption shall apply to all property tax levies**  
28 **of all taxing districts in which the eligible housing is located.**

29           **(c) The decisions of the taxing districts under paragraph (a) of this subsection may not**  
30 **be changed but are not binding with respect to an exemption law subsequently adopted by**  
31 **the governing body of the county pursuant to this section.**

32           **(d) All eligible housing shall be granted exemption on the same terms provided in the**  
33 **exemption law of the county as in effect on the date the application for the eligible housing**  
34 **is submitted under section 3 of this 2021 Act.**

35           **(5)(a) A county may adopt at any time a workforce housing exemption law amending the**  
36 **terms of an exemption granted pursuant to this section, subject to approval of the taxing**  
37 **districts under subsection (4)(a) of this section, or terminating the exemption.**

38           **(b) Notwithstanding an exemption law adopted, or the termination of an exemption law,**  
39 **pursuant to this subsection, eligible housing that has previously been granted an exemption**  
40 **shall continue to receive the exemption under the terms of the exemption law in effect at**  
41 **the time the exemption was first granted.**

42           **(6)(a) The county assessor shall disqualify eligible housing granted an exemption under**  
43 **a workforce housing exemption law upon discovery or notice from the eligible owner claiming**  
44 **the deduction that the dwelling is no longer eligible housing or the individual is no longer**  
45 **an eligible owner.**

1 (b)(A) If eligible housing becomes disqualified prior to July 1 of the assessment year, the  
2 dwelling shall be valued under ORS 308.232 at its real market value and shall be assessed at  
3 its assessed value under ORS 308.146 or as otherwise provided by law.

4 (B) If eligible housing becomes disqualified on or after July 1, the eligible housing shall  
5 continue to receive the exemption for the current tax year.

6 **SECTION 3.** (1)(a) The governing body of a county that adopts a workforce housing ex-  
7 emption law shall prescribe:

8 (A) Precertification and exemption application forms;

9 (B) The information required to be included in the forms; and

10 (C) Any additional documents that must accompany the forms.

11 (b) Applications for precertification and exemption must be accompanied by an applica-  
12 tion fee set by the county in an amount determined to compensate the county for the actual  
13 costs of processing the applications.

14 (2) The rejection of an application for precertification or exemption may not be appealed  
15 but does not preclude an individual from submitting a new application for the property for  
16 any property tax year.

17 (3)(a) The number of dwellings first granted exemption as eligible housing for any prop-  
18 erty tax year shall continue as a cohort for the number of property tax years for which the  
19 exemption is granted to the dwellings under the workforce housing exemption law.

20 (b) The number of continuing exemptions first granted for prior property tax years does  
21 not count toward the maximum number of exemptions that may be newly granted for any  
22 subsequent property tax year.

23 (c) If eligible housing is disqualified for exemption, the county may not grant exemption  
24 to other eligible housing to complete the cohort of the disqualified property for the remaining  
25 number of property tax years for which the cohort is eligible.

26 **SECTION 4.** (1)(a) An individual seeking an exemption for property under a workforce  
27 housing exemption law may submit a precertification application to the county at any time  
28 before the individual occupies the property.

29 (b) Before making a determination under subsection (2) of this section, the county may  
30 consult with the applicant regarding the application, and the applicant may be allowed to  
31 revise the application without payment of an additional fee.

32 (2)(a) Within 60 days following receipt of a precertification application submitted under  
33 this section, the county shall:

34 (A) Review the application;

35 (B) Make a reasonable determination as to whether, upon completion, the property will  
36 be eligible housing and the individual will be the eligible owner of the eligible housing; and

37 (C) Notify the applicant of the decision.

38 (b) If the determination of the county is negative, the precertification application shall  
39 be rejected.

40 (c) If the determination is positive, the precertification application shall be approved, and  
41 the county and the applicant shall:

42 (A) Consult as to the date on which the eligible owner will first occupy the precertified  
43 eligible housing; and

44 (B) Schedule the precertified eligible housing to receive one of the five exemptions  
45 available to the county for the property tax year in which the occupancy is estimated to

1 **begin.**

2 (3)(a) A county may maintain a waiting list for eligible housing for which a precertif-  
3 ication application has been approved but that exceed the five exemptions available for the  
4 property tax year in which the occupancy is estimated to begin.

5 (b) If for any property tax year there are fewer than five exemptions granted to eligible  
6 housing that has been precertified under this section, the governing body of the county may  
7 allow approval for a first year of exemption of applications submitted under section 5 of this  
8 2021 Act for eligible housing that was not precertified, until the maximum of five exemptions  
9 has been reached for the property tax year.

10 **SECTION 5.** (1)(a) Regardless of whether the eligible housing has been precertified under  
11 section 4 of this 2021 Act, an individual seeking exemption for eligible housing under a  
12 workforce housing exemption law must submit an application for exemption for review to the  
13 county on or before January 15 preceding the property tax year to which the application re-  
14 lates.

15 (b) Notwithstanding paragraph (a) of this subsection, an application may be filed under  
16 this section for the current property tax year:

17 (A) On or before December 31 of the property tax year, if the application is accompanied  
18 by a late filing fee of \$200.

19 (B) On or before April 1 of the property tax year, if the application is accompanied by a  
20 late filing fee of \$200 and the applicant demonstrates good and sufficient cause, as defined in  
21 ORS 307.162, for failing to file a timely application or is a first-time filer, as defined in ORS  
22 307.162, of an application under this subsection.

23 (c)(A) An application may be filed as provided in paragraph (b) of this subsection  
24 notwithstanding that there are no grounds for hardship as required for late filing under ORS  
25 307.475.

26 (B) A late filing fee collected under paragraph (b) of this subsection must be deposited  
27 in the general fund of the county.

28 (d) Before making a determination under subsection (2) of this section, the county may  
29 consult with the applicant regarding the application, and the applicant may be allowed to  
30 revise the application without payment of an additional fee.

31 (2)(a) Within 60 days following receipt of an exemption application submitted under this  
32 section, the county shall:

33 (A) Review the application;

34 (B) Determine whether the property and applicant meet the requirements of sections 1  
35 to 5 of this 2021 Act and the county's workforce housing exemption law; and

36 (C) Notify the applicant of the determination.

37 (b) If the determination of the county is negative, the exemption application shall be re-  
38 jected.

39 (c) If the determination is positive, the county shall approve the exemption application  
40 and notify the governing body of the county of the approval.

41 (3) A governing body notified of an approved exemption application under subsection  
42 (2)(c) of this section shall, on or before April 1, adopt a resolution:

43 (a) Granting the exemption to the eligible housing to which the application relates; and

44 (b) Notifying the county assessor of all information necessary for the assessor to perform  
45 the assessor's duties with respect to the eligible housing.

1       **(4) The eligible owner of eligible housing granted exemption for any property tax year**  
2 **must submit an application under subsection (1) of this section for each subsequent property**  
3 **tax year for which the eligible owner seeks to claim exemption for the eligible housing.**

4       **SECTION 6. (1) Exemptions may not be newly granted under sections 1 to 5 of this 2021**  
5 **Act for property tax years beginning on or after July 1, 2032.**

6       **(2) Notwithstanding the date specified in subsection (1) of this section, eligible housing**  
7 **that is first granted exemption under an ordinance or resolution adopted pursuant to section**  
8 **2 of this 2021 Act for a property tax year beginning before the date specified in subsection**  
9 **(1) of this section shall continue to receive the exemption under the provisions of the ordi-**  
10 **nance or resolution for the period of time for which the exemption was granted.**

11       **SECTION 7. Sections 1 to 5 of this 2021 Act are repealed on January 2, 2032.**

12       **SECTION 8. This 2021 Act takes effect on the 91st day after the date on which the 2021**  
13 **regular session of the Eighty-first Legislative Assembly adjourns sine die.**

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