

Senate Bill 303

Sponsored by Senator RILEY (Pre-session 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 **as introduced**.

Excludes taxes imposed by school districts from certain property tax exemption programs requiring adoption by local governments.

Provides that any exemption, partial exemption or special assessment shall not apply to property taxes imposed by school district if, on or after effective date of Act, statute granting exemption is first enacted, sunset date of statute granting exemption, partial exemption or special assessment is extended or exemption, partial exemption or special assessment is increased or extended to broader class of property by law.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to school district taxes; creating new provisions; amending ORS 307.519, 307.543, 307.606,
3 307.657 and 308.456 and section 1, chapter 96, Oregon Laws 2016; and prescribing an effective
4 date.

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

6 **SECTION 1.** ORS 307.519 is amended to read:

7 307.519. (1) Except as provided in subsection (2) of this section, the exemptions granted under
8 ORS 307.515 to 307.523 apply only to the tax levy of a governing body that adopts the provisions
9 of ORS 307.515 to 307.523.

10 (2) The exemptions granted under ORS 307.515 to 307.523 apply to the tax levy of all taxing
11 districts **other than school districts** in which property certified for exemption is located if, upon
12 request of a governing body that has adopted the provisions of ORS 307.515 to 307.523, the rates of
13 taxation of such taxing districts whose governing boards agree to the policy of exemption under
14 ORS 307.515 to 307.523, when combined with the rate of taxation of the governing body that adopts
15 the provisions of ORS 307.515 to 307.523, equal 51 percent or more of the total combined rate of
16 taxation on the property granted exemption.

17 (3) A governing body may adopt additional provisions relating to the exemption granted under
18 ORS 307.515 to 307.523 that do not conflict with the provisions of ORS 307.515 to 307.523.

19 **SECTION 2.** ORS 307.543 is amended to read:

20 307.543. (1) Except as provided in subsection (2) of this section, the exemption granted under
21 ORS 307.540 to 307.548 applies only to the tax levy of a governing body that adopts the provisions
22 of ORS 307.540 to 307.548. At the time of adoption, the governing body shall elect a definition of
23 "low income" under ORS 307.540.

24 (2) The exemption granted under ORS 307.540 to 307.548 applies to the tax levy of all taxing
25 districts **other than school districts** in which property certified for exemption is located if, upon
26 request of a governing body that has adopted the provisions of ORS 307.540 to 307.548, the rates of
27 taxation of such taxing districts whose governing boards agree to the policy of exemption under
28 ORS 307.540 to 307.548, when combined with the rate of taxation of the governing body that adopts

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 the provisions of ORS 307.540 to 307.548, equal 51 percent or more of the total combined rate of
2 taxation on the property granted exemption.

3 (3) A governing body may adopt additional provisions relating to the exemption granted under
4 ORS 307.540 to 307.548 that do not conflict with the provisions of ORS 307.540 to 307.548.

5 **SECTION 3.** ORS 307.606 is amended to read:

6 307.606. (1) ORS 307.600 to 307.637 apply to multiple-unit housing preserved, constructed, estab-
7 lished, added to or converted in cities or counties that adopt, after a public hearing and determi-
8 nation pursuant to subsection (3) of this section, by resolution or ordinance, the provisions of ORS
9 307.600 to 307.637. The tax exemption provided by ORS 307.600 to 307.637 only applies to the tax
10 levy of a city or county that adopts the provisions of ORS 307.600 to 307.637, except that the tax
11 exemption shall apply to the ad valorem property taxes of all taxing districts **other than school**
12 **districts** when upon request of the city or county that has adopted the provisions of ORS 307.600
13 to 307.637, the rates of ad valorem taxation of **such** taxing districts whose governing boards agree
14 by resolution to the policy of providing tax exemptions for multiple-unit housing as provided in ORS
15 307.600 to 307.637, when combined with the rate of taxation of the city or county that adopts the
16 provisions of ORS 307.600 to 307.637, equal 51 percent or more of the total combined rate of taxation
17 levied on the property which is tax exempt under ORS 307.600 to 307.637.

18 (2) The city or county shall designate an area within which it proposes to allow exemptions
19 provided for under the provisions of ORS 307.600 to 307.637. Core areas, light rail station areas or
20 transit oriented areas may be designated by a city. A city may designate the entire city as the area
21 in which the city proposes to allow exemptions under ORS 307.600 to 307.637 for housing that is or
22 becomes subject to a low income housing assistance contract with an agency or subdivision of this
23 state or the United States. A county may designate areas as light rail station areas or transit ori-
24 ented areas but may not designate areas as core areas. A county may designate the entire county
25 as the area in which the county proposes to allow exemptions under ORS 307.600 to 307.637 for
26 housing that is or becomes subject to a low income housing assistance contract with an agency or
27 subdivision of this state or the United States. A city or county from time to time may, by amending
28 its resolution or ordinance, add or withdraw territory from the area originally designated as a light
29 rail station area or a transit oriented area, but any area added must be within the boundaries of the
30 area as limited by ORS 307.603 (3) or (6).

31 (3) The city or county shall, prior to passage of a resolution or ordinance electing to utilize the
32 provisions of ORS 307.600 to 307.637, hold a public hearing in order to determine whether multiple-
33 unit housing meeting the qualifications of subsection (4) of this section would not otherwise be built
34 in the designated area or preserved without the benefits provided by ORS 307.600 to 307.637.

35 (4) Prior to accepting project applications under ORS 307.600 to 307.637, cities or counties shall
36 promulgate standards and guidelines to be utilized in considering applications and making the de-
37 terminations required by ORS 307.618. The standards and guidelines shall establish policy governing
38 basic requirements for an application, including but not limited to:

39 (a) Existing utilization of proposed project site, including justification of the elimination of any
40 existing sound or rehabilitable housing.

41 (b) Design elements.

42 (c) Rental rates or sales prices.

43 (d) Extensions of public benefits from the project beyond the period of the exemption.

44 (e) Minimum number of units.

45 (f) For housing that is or becomes subject to a low income housing assistance contract with an

1 agency or subdivision of this state or the United States, a demonstration that the exemption is
2 necessary to preserve or establish the low income units.

3 (g) For housing that is to become subject to a low income housing assistance contract with an
4 agency or subdivision of this state or the United States, the date on which the housing must be es-
5 tablished in order to be exempt under ORS 307.600 to 307.637.

6 **SECTION 4.** ORS 307.657 is amended to read:

7 307.657. (1) ORS 307.651 to 307.687 apply to single-unit housing located within the jurisdiction
8 of a governing body that adopts, by resolution or ordinance, ORS 307.651 to 307.687. Except as
9 provided in subsection (2) of this section, the exemption provided by ORS 307.651 to 307.687 applies
10 only to the tax levy of a governing body that adopts ORS 307.651 to 307.687.

11 (2)(a) Except as provided in paragraph (b) of this subsection, the tax exemption provided under
12 ORS 307.651 to 307.687 applies to the tax levy of all taxing [units] **districts other than school**
13 **districts** with jurisdiction over property granted the tax exemption by a city if the rates of taxation
14 of **such** taxing [units] **districts** whose governing bodies agree by resolution or ordinance to grant
15 the tax exemption, when combined with the rate of taxation of the city, equal 51 percent or more
16 of the total combined rate of taxation levied on the property.

17 (b) If the rate of taxation of the city that has granted the tax exemption equals 40 percent or
18 more of the total combined rate of taxation of all taxing [units] **districts other than school dis-**
19 **tricts** with jurisdiction over the property, the tax exemption applies to the tax levy of all **such**
20 taxing [units] **districts** only if:

21 (A) The percentage requirement of paragraph (a) of this subsection is met; and

22 (B) The governing body of the county also agrees, by resolution or ordinance, to grant the tax
23 exemption to the property.

24 (3) The city shall adopt standards and guidelines to be utilized in considering applications and
25 making the determinations required under ORS 307.651 to 307.687, including but not limited to:

26 (a) Design elements for construction of the single-unit housing proposed to be exempt.

27 (b) Extensions of public benefits from the construction of the single-unit housing beyond the
28 period of exemption.

29 **SECTION 5.** ORS 308.456 is amended to read:

30 308.456. (1) ORS 308.450 to 308.481 apply to rehabilitated residential property located within the
31 jurisdiction of a governing body which adopts, by resolution or ordinance, the provisions of ORS
32 308.450 to 308.481. Except as provided in subsection (2) of this section, the limited assessment pro-
33 vided by ORS 308.450 to 308.481 only applies to the tax levy of a governing body which adopts the
34 provisions of ORS 308.450 to 308.481.

35 (2) The limited assessment provided by ORS 308.450 to 308.481 shall apply to the tax levy of all
36 taxing districts **other than school districts** in which property certified for limited assessment un-
37 der ORS 308.450 to 308.481 is located when, upon request of a governing body which has adopted
38 the provisions of ORS 308.450 to 308.481, the rates of taxation of such taxing districts whose gov-
39 erning boards agree to the policy of limited assessment as provided in ORS 308.450 to 308.481, when
40 combined with the rate of taxation of the governing body which adopts the provisions of ORS
41 308.450 to 308.481, equal 51 percent or more of the total combined rate of taxation on the property
42 certified for limited assessment.

43 (3) The governing body shall promulgate standards and guidelines to be utilized in making the
44 determinations required by ORS 308.466 and, in the case of nonowner-occupied residential structures
45 or units, standards and guidelines to be applied if the governing body desires to enter into negoti-

1 ations with the owner regarding rental rates to be charged during the period of the limited assess-
 2 ment.

3 (4) ORS 308.450 to 308.481 do not apply to increases in assessed valuation made by the assessor
 4 or by lawful order of the Department of Revenue or a court, to a class of property throughout the
 5 county or any specific area of the county to achieve the uniformity of assessment or appraisal re-
 6 quired by ORS 308.232.

7 **SECTION 6.** Section 1, chapter 96, Oregon Laws 2016, as amended by section 1, chapter 492,
 8 Oregon Laws 2019, is amended to read:

9 **Sec. 1.** (1) The governing body of a city or county, or of a port organized under ORS chapter
 10 777 or 778, may adopt an ordinance or resolution providing for programs that offer either or both
 11 of the following ad valorem property tax incentive benefits:

12 (a) Special assessment of any land that constitutes a brownfield, as defined in ORS 285A.185,
 13 located within the respective jurisdiction of the city, county or port.

14 (b) Exemption or partial exemption of improvements and personal property on land described in
 15 paragraph (a) of this subsection.

16 (2)(a) An ordinance or resolution adopted under this section shall specify the eligibility re-
 17 quirements for the programs, including, but not limited to, a showing by the owner of a brownfield
 18 in an application filed under section 2, chapter 96, Oregon Laws 2016:

19 (A) That the owner or authorized representative of the owner has obtained, as applicable, a site
 20 evaluation, preliminary assessment, confirmation of release or remedial investigation of the
 21 brownfield prepared by a geologist registered under ORS 672.505 to 672.705 or a professional engi-
 22 neer as defined in ORS 672.002.

23 (B) If the site evaluation, preliminary assessment, confirmation of release or remedial investi-
 24 gation required under subparagraph (A) of this paragraph concludes that a remedial action, as de-
 25 fined in ORS 465.200, is required in response to the release of a hazardous substance at the
 26 brownfield, that the remedial action shall be conducted pursuant to an agreement with, an order of
 27 or a program or process authorized by the Department of Environmental Quality under ORS 465.200
 28 to 465.455 and 465.900.

29 (C) That the owner is in compliance with any agreement, order, program or process governing
 30 the conduct of the remedial action under subparagraph (B) of this paragraph.

31 (D) That the report of the site evaluation, preliminary assessment, confirmation of release or
 32 remedial investigation required under subparagraph (A) of this paragraph, and a report prepared by
 33 a geologist or professional engineer showing that any remedial action has complied with any appli-
 34 cable agreement, order, program or process authorized by the department and with any other ap-
 35 plicable state law administered by the department, have been submitted to the department.

36 (b) Notwithstanding paragraph (a) of this subsection, property is not eligible for tax incentive
 37 programs adopted pursuant to this section if, at the time an application for the property is filed
 38 under section 2, chapter 96, Oregon Laws 2016, the property is:

39 (A) Subject to assessment under ORS [308.505 to 308.681] **308.505 to 308.674**;

40 (B) State-appraised industrial property as defined in ORS 306.126; or

41 (C) A federal Superfund site.

42 (3)(a)(A) An ordinance or resolution adopted under this section shall specify the period, not to
 43 exceed 10 years, for which the property tax incentive program benefits may be granted.

44 (B) The ordinance or resolution may allow for an additional period, not to exceed five years,
 45 based on criteria set forth in the ordinance or resolution.

1 (b) Property may be granted a tax incentive program benefit under this section until the earlier
2 of:

3 (A) The expiration of the period for which the property is eligible for the benefit under para-
4 graph (a) of this subsection; or

5 (B) The date on which the dollar amount of the benefit equals the eligible costs for the property
6 as determined under section 3, chapter 96, Oregon Laws 2016.

7 (c) If a city, county or port adopts both a special assessment and an exemption or partial ex-
8 emption program, the two program benefits must be granted concurrently for any property.

9 (d) The city, county or port may adopt any other provisions relating to the property tax incen-
10 tive programs that do not conflict with the requirements of sections 1 to 7, chapter 96, Oregon Laws
11 2016.

12 (4)(a) For any property tax year:

13 (A) Property that is granted benefits under a tax incentive program adopted pursuant to this
14 section may be granted any other special assessment, exemption or partial exemption for which the
15 property is eligible.

16 (B) The total amount of all special assessments, exemptions and partial exemptions granted to
17 property may not reduce the property tax liability of the property below zero.

18 (b)(A) A city, county or port shall specify in an ordinance or resolution adopted under this
19 section how the city, county or port intends to apply multiple property tax benefits granted to
20 property in the circumstances authorized under paragraph (a)(A) of this subsection.

21 (B) The city, county or port shall notify the county assessor of the intended application.

22 (5)(a) The city, county or port may amend or repeal an ordinance or resolution adopted under
23 this section at any time.

24 (b) Notwithstanding paragraph (a) of this subsection, property that is receiving a tax incentive
25 program benefit under this section when the ordinance or resolution is amended or repealed shall
26 continue to receive the benefit pursuant to the provisions of the ordinance or resolution in effect
27 when the property was initially granted the benefit.

28 (6)(a) An ordinance or resolution adopted under this section does not become effective unless
29 the rates of taxation of the taxing districts **other than school districts** located within territory of
30 the city, county or port whose governing boards agree to the property tax incentive programs, when
31 combined with the rate of taxation of the city, county or port that adopted the ordinance or resol-
32 ution, equal 75 percent or more of the total combined rate of taxation within the territory of the
33 city, county or port.

34 (b) If an ordinance or resolution becomes effective pursuant to paragraph (a) of this subsection,
35 the property tax incentive programs shall be effective for the tax levies of all taxing districts **other**
36 **than school districts** in which a brownfield that is granted a property tax incentive program ben-
37 efit is located.

38 **SECTION 7. The amendments to ORS 307.519, 307.543, 307.606, 307.657 and 308.456 and**
39 **section 1, chapter 96, Oregon Laws 2016, by sections 1 to 6 of this 2021 Act apply to per-**
40 **centage determinations made under ORS 307.519 (2), 307.543 (2), 307.606 (1), 307.657 (2) and**
41 **308.456 (2) and section 1 (5), chapter 96, Oregon Laws 2016, respectively, on or after the ef-**
42 **fective date of this 2021 Act.**

43 **SECTION 8. Any exemption, partial exemption or special assessment granted for pur-**
44 **poses of ad valorem property taxation shall not apply to property taxes imposed by a school**
45 **district if:**

1 (1) The statute granting the exemption, partial exemption or special assessment is first
2 enacted on or after the effective date of this 2021 Act.

3 (2) A sunset date applicable to the statute granting the exemption, partial exemption or
4 special assessment is extended by law on or after the effective date of this 2021 Act. For
5 purposes of this subsection, the exclusion required under this section applies to the first
6 property tax year that begins on or after the effective date of the law extending the sunset
7 date.

8 (3) The exemption, partial exemption or special assessment is granted in a larger amount,
9 other than by annual indexing pursuant to law, or at a larger percentage, or is extended to
10 apply to a broader class of property, under a law first enacted on or after the effective date
11 of this 2021 Act. For purposes of this subsection, the exclusion required under this section
12 applies to the first property tax year that begins on or after the effective date of the law
13 described in this subsection and applies to the entire amount or percentage of the exemption,
14 partial exemption or special assessment, and to all eligible classes of property.

15 SECTION 9. This 2021 Act takes effect on the 91st day after the date on which the 2021
16 regular session of the Eighty-first Legislative Assembly adjourns sine die.
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