

SB 147 STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

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Sub-Referral To: Joint Committee On Tax Expenditures

Meeting Dates: 2/8, 2/15

WHAT THE MEASURE DOES:

Extends sunset date from January 1, 2025 to January 1, 2032 for a tax exemption granted by cities for certain rehabilitated or newly constructed single unit housing.

FISCAL: Has minimal fiscal impact

REVENUE: Has minimal revenue impact

ISSUES DISCUSSED:

- Examples of usage of this tax exemption
- Exemption eligibility and timelines affecting new and existing properties
- Effect on state versus local revenue

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Property owners of certain rehabilitated or newly constructed single unit housing may apply for tax exemptions granted by cities under ORS 307.664, originally enacted in 1989 and most recently extended in 2017. Only the dwelling becomes exempt, not the land. Exemptions only apply to taxes levied by the city unless other taxing districts elect to participate. The exemption applies to all taxing districts in cases where 1) the combined tax rate of the cities and participating districts equals 51% or more of the total tax rate affecting the property; or 2) the city has more than 40% of the total tax rate affecting the property and a county resolution or ordinance approving exemption for all taxing districts is in effect.

Properties qualifying for the exemption must have one or more units used as a dwelling for one person or a family; have a value no more than 120% of the median sales price of single-family homes within the city for the prior annual period ending November 30; and if new construction, be constructed after January 1, 1990 and before January 1, 2025. Changes in property use disqualify the property and result in taxes due equal to the benefit granted during the last exempt year multiplied by the number of years exempt, up to ten years.

Senate Bill 147 extends the sunset date of city-granted tax exemptions on rehabilitated or newly constructed single unit housing structures from January 1, 2025 to January 1, 2032.