

## House Bill 3194 Informational

### The status quo

- ORS 308.149(5) defines “minor construction” as “additions of real property improvements, the real market value of which does not exceed \$10,000 in any assessment year or \$25,000 for cumulative additions made over five assessment years.”

### What HB 3194 does

- Deletes the current thresholds and establishes new thresholds equal to ten percent of the real market value of the property per assessment year or twenty percent over three assessment years.
- Applies to assessment years beginning on or after January 1, 2024.
- Takes effect on the 91st day following adjournment sine die.

### Amendments

- -1 amendment maintains current thresholds for commercial property. For noncommercial residential property, uses thresholds from introduced HB 3194.
- -3 deletes the current thresholds and establishes new thresholds of \$18,200 per assessment year or \$45,000 over three assessment years, based on inflation adjustment since the status quo became law in 1997. These thresholds are then adjusted for inflation annually in the future.

### Other considerations

- Minor construction is an improvement to real property that does not result in any change to the property's maximum assessed value. It does not include general maintenance and repairs.
- The requested amendment adjusts thresholds for inflation, which addresses the rising cost of construction. This maintains incentives for property improvements that constitute “minor construction”, including new mechanical systems and upgrades of higher value.
- The requested amendment sets thresholds at a fixed value to define the exclusion, which is a progressive tax policy in that property improvements that constitute minor construction can be a higher percent of property value for those with lower income.
- This bill had a public hearing in the House Committee on Revenue on 2/16/2023.
- There are no subsequent referrals to other committees, as of 3/13.