

SB 149 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Sub-Referral To: Joint Committee On Tax Expenditures

Meeting Dates: 3/1, 4/25

WHAT THE MEASURE DOES:

Extends historic property special assessment 6 years by moving sunset date from July 1, 2025, to July 1, 2031. Takes effect 91st day after sine die.

ISSUES DISCUSSED:

- Use of special assessment for commercial properties
- Office-to-residential conversions
- Historic Property work group active since 2021
- HB 4054 (2022 Legislative Session)

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Historic Property special assessment, which became law in 1975, provides for historic properties to be specially assessed for 10 years. For qualifying properties, the assessed value cannot exceed a cap equal to the real market value of the property at the time of application. In the first year of the special assessment the assessed value is generally similar to the assessed value at the time of the application, and the increased value from improvements are exempt for 10 years. In 2009, SB 192 reduced the special assessment period from 15 years to 10 years.

Applications are reviewed by the State Historic Preservation Officer. A property can qualify for a second 10-year period if reapplication is approved and the local government (city, or county if not located in a city) does not prohibit it by resolution. Approval of reapplication requires plans for significant investment in seismic upgrades, energy conservation, or disability access. A property cannot qualify after the second 10-year period.

Pursuant to SB 192 (2009), as part of a submitted preservation plan, applicants must commit to an investment in the property within the first 5 years of special assessment that equals 10 percent of the property's real market value, at the time of the first year's special assessment. If the historic property is disqualified during a special assessment term, either at the owner's request or from failure to meet qualifications, all exempt tax, interest, and a penalty equal to 15 percent of the exempt tax must be repaid unless certain conditions are met.

Data on the Historic Property special assessment are available from the State Historic Preservation Office at the Oregon Department of Parks and Recreation and from the Department of Revenue. According to currently available data from the Department of Revenue Tax Expenditure Report (TER 2.129), there were 16 new and 236 total historic properties participating in the program for the tax year beginning July 1, 2022. Participating properties are in almost every county in the state, but they are concentrated along the Interstate 5 corridor. Of the 16 new participating properties, 4 were in Multnomah County. Properties in Multnomah County represent most of the total assessed value of all participating properties.