

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
82nd Oregon Legislative Assembly
2023 Regular Session
Legislative Revenue Office

Bill Number: HB 3194 - A
Revenue Area: Property Tax
Economist: Beau Olen
Date: 5/16/2023

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Increases thresholds to determine whether real property improvements constitute "minor construction" for property taxation purposes, from \$10,000 of real market value per assessment year or \$25,000 over five years, to \$18,200 per assessment year or \$45,000 over five years. New thresholds are indexed for inflation in subsequent years.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2023-24	2024-25	2023-25	2025-27	2027-29
Local Governments	\$0	-\$0.9	-\$0.9	-\$2.1	-\$2.3

Impact Explanation:

The revenue impact to local governments is -\$0.9M in 2023-25, -\$2.1M in 2025-27, and -\$2.3M in 2027-29. This is due to new property or new improvements with real market value that is more than the current thresholds for minor construction and less than the proposed thresholds in HB 3194-3. The revenue impact is the increase in assessed value due to the new property or new improvements, multiplied by the non-bond average tax rate of \$14.83 per thousand dollars of assessed value. There is no revenue impact in fiscal year 2023-24 because the bill applies to assessment years beginning on or after January 1, 2024, and therefore starts impacting taxes imposed beginning July 1, 2024, the beginning of fiscal year 2024-25. Inflation adjustment in subsequent years starts with the assessment year beginning on January 1, 2025.

Creates, Extends, or Expands Tax Expenditure: Yes No