

**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 is due to new property or new improvements with real market value that is more than the current thresholds for minor construction, \$10,000 of real market value per assessment year or \$25,000 over five years, and less than the proposed thresholds of \$18,200 per assessment year or \$45,000 over five years. The revenue impact is estimated using 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