

SB 919 B STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 6/22, 6/22

WHAT THE MEASURE DOES:

Allows a property tax exemption for up to 5 years for a newly constructed accessory dwelling unit, or a newly converted duplex, triplex or quadplex, that is occupied as a primary residence. Applies to property tax years beginning on or after July 1, 2024. Takes effect 91st day after sine die.

For the exemption to take effect, the combined property tax rate of the taxing districts that support the ordinance or resolution must be at least 51 percent of the total tax rate. If the exemption takes effect, it applies to property taxes of all taxing districts for the eligible property. At any time, a city or county can adopt an ordinance to amend or repeal the exemption. However, a property that has been granted an exemption before the effective date of the amendment will continue to receive the exemption under the terms in effect at the time the exemption was first granted. The exemption is in addition to any other property tax relief and it does not have a sunset date.

An exemption application must be submitted each year by the person responsible for paying property tax. If property that receives the exemption is sold, the exemption may continue if the property remains eligible and the annual application is submitted timely. The property is disqualified from exemption if there are new property or new improvements to property during the exemption term. Upon disqualification, back taxes become due.

For a newly converted duplex, triplex or quadplex, only the units occupied as a primary residence are eligible for exemption. A newly constructed accessory dwelling unit (ADU) must be occupied as a primary residence to be exempt, but the main dwelling unit doesn't need to be occupied as a primary residence because it is not eligible for exemption. If any exempt unit is no longer occupied as a primary residence, the entire property becomes ineligible for exemption.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

There are a variety of housing property tax exemptions. The following are partial property tax exemptions that are reported in the Department of Revenue's Tax Expenditure Report (TER):

- Vertical Housing Development Zone (TER 2.102)
- Certain Single-Unit Housing (TER 2.103)
- Rehabilitated Housing (2.104)
- Multi-Unit Rental Housing in Designated Areas (2.105)
- Low-Income Multi-Unit Rental Housing (2.106)
- Property for Low-Income Rental (2.107)
- Nonprofit Low-Income Rental Housing (2.108)
- New or Rehabilitated Multi-Unit Rental Housing (2.109)
- Home Share Program Low-Income Housing (2.110)
- Veterans in Nonprofit Elderly Housing (2.112)
- Workforce Housing (2.113)
- Affordable Housing Covenant (2.114)