

Enrolled House Bill 2080

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue for Representative Nancy Nathanson)

CHAPTER

AN ACT

Relating to the property tax system; creating new provisions; amending ORS 307.175, 307.260, 307.455, 307.515, 307.521, 307.523, 307.612, 307.621 and 307.624 and section 4, chapter 405, Oregon Laws 1981, section 7, chapter 637, Oregon Laws 2005, section 4, chapter 656, Oregon Laws 2011, section 11, chapter 23, Oregon Laws 2015, section 6, chapter 112, Oregon Laws 2016, section 6, chapter 294, Oregon Laws 2017, sections 1, 2 and 3, chapter 624, Oregon Laws 2017, and section 1, chapter 578, Oregon Laws 2019; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SUNSET DATES

NOTE: Sections 1 and 2 were deleted by amendment. Subsequent sections were not renumbered.

SECTION 3. Industrial improvements newly constructed or installed in rural area. Section 6, chapter 112, Oregon Laws 2016, is amended to read:

Sec. 6. (1) Sections 1 to 5, [of this 2016 Act] **chapter 112, Oregon Laws 2016**, are repealed on January 2, [2024] **2030**.

(2) Notwithstanding the date specified in subsection (1) of this section, newly constructed or installed industrial improvements that are granted exemption or deferral under an ordinance or resolution adopted pursuant to section 1, [of this 2016 Act] **chapter 112, Oregon Laws 2016**, shall continue to receive the exemption or deferral under the provisions of the ordinance or resolution.

SECTION 4. Federal land used by recreation facility operators under permit. Section 4, chapter 405, Oregon Laws 1981, as amended by section 1, chapter 169, Oregon Laws 1985, section 4, chapter 748, Oregon Laws 1995, section 4, chapter 67, Oregon Laws 2001, section 13, chapter 114, Oregon Laws 2001, section 8, chapter 509, Oregon Laws 2001, and section 2, chapter 343, Oregon Laws 2013, is amended to read:

Sec. 4. ORS 307.182 applies to tax years beginning on or after July 1, 1981, and before July 1, [2024] **2030**.

SECTION 5. Food processing machinery and equipment. Section 7, chapter 637, Oregon Laws 2005, as amended by section 1, chapter 656, Oregon Laws 2011, section 1, chapter 210, Oregon Laws 2013, and section 42, chapter 579, Oregon Laws 2019, is amended to read:

Sec. 7. Property may not qualify for a first year of exemption under ORS 307.455 for a tax year beginning on or after July 1, [2025] **2030**.

SECTION 6. Property of centrally assessed companies. Section 11, chapter 23, Oregon Laws 2015, as amended by section 4, chapter 164, Oregon Laws 2019, and section 5, chapter 578, Oregon Laws 2019, is amended to read:

Sec. 11. (1) ORS 308.518 and 308.519 and the amendments to ORS 308.505 and 308.516 by sections 7 and 9, chapter 23, Oregon Laws 2015, apply to property tax years beginning on or after July 1, 2015.

(2) The amendments to ORS 308.671 by section 4, chapter 23, Oregon Laws 2015, apply to property tax years beginning on or after July 1, 2016.

(3) ORS 308.674 applies to property tax years beginning on or after July 1, 2016, and before July 1, [2025] **2030**.

SECTION 7. Single-unit housing. Section 6, chapter 294, Oregon Laws 2017, is amended to read:

Sec. 6. (1) A city may not approve an application for exemption under ORS 307.674 on or after January 1, [2025] **2030**.

(2) Notwithstanding the date specified in subsection (1) of this section, a qualified dwelling unit of single-unit housing that was granted exemption under ORS 307.651 to 307.687 pursuant to an application approved under ORS 307.674 before the date specified in subsection (1) of this section shall continue to receive the exemption for the period of time for which the exemption was granted.

SECTION 8. Property of surviving spouses of certain public safety officers killed in line of duty. Section 1, chapter 578, Oregon Laws 2019, is amended to read:

Sec. 1. An exemption may not be granted under an ordinance or resolution adopted pursuant to ORS 307.295 for property tax years beginning on or after July 1, [2025] **2032**.

PROGRAM AMENDMENTS

SECTION 9. ORS 307.175, as amended by section 1, chapter 79, Oregon Laws 2022, is amended to read:

307.175. (1) As used in this section:

(a) "Alternative energy system" means property consisting of solar, geothermal, wind, water, fuel cell or methane gas energy systems for the purpose of heating, cooling or generating electricity.

(b) "Community solar project" has the meaning given that term in ORS 757.386.

[*(c) "Residential" means that a dwelling is the occupant's principal place of residence.*]

[*(d) "Residential subscriber" means:*]

[*(A) A subscriber who is an individual owner or tenant of residential housing; or*]

[*(B) The owner of a residential building that subscribes on behalf of tenants residing in units of low-income housing in the building.*]

(2) The following property is exempt from ad valorem property taxation:

(a) An alternative energy system that is:

(A) A net metering facility, as defined in ORS 757.300; or

(B) Primarily designed to offset onsite electricity use.

(b) [*The proportion of*] A community solar project [*that is owned by residential customers or leased by residential subscribers*].

(3) Notwithstanding ORS 307.110 and 308.505 to 308.674, any portion of the real property to which an alternative energy system is affixed is exempt under this section if:

(a) The real property is otherwise exempt from ad valorem property taxation; and

(b) The alternative energy system is exempt under this section.

(4) Property equipped with an alternative energy system is exempt from ad valorem property taxation in an amount that equals any positive amount obtained by subtracting the real market value of the property as if it were not equipped with an alternative energy system from the real market value of the property as equipped with the alternative energy system.

(5) A community solar project is eligible to claim the exemption granted under this section beginning on the date on which the electrical inspection for the project is completed and approved.

[(6) The proportion of a community solar project that is owned by residential customers or leased by residential subscribers shall be the percentage of the nameplate capacity of the project that is allocated to such ownership or subscription as of January 1 at 1:00 a.m. of the assessment year.]

[(7)(a) The project manager of a community solar project seeking exemption under this section must file with the Department of Revenue, on or before March 15 preceding the property tax year for which the exemption is claimed, the proportion determined in accordance with subsection (6) of this section. The proportion may be included with the statement required under ORS 308.524.]

[(b) Notwithstanding paragraph (a) of this subsection, the proportion may be filed with the department after March 15 and on or before May 1 of the assessment year if accompanied by a late filing fee of \$200. The late filing fee is in addition to and not in lieu of any other filing fees or penalties applicable to the taxation of the community solar project.]

[(8)] (6) A community solar project that is granted exemption under this section may not be granted any other exemption from ad valorem property taxes for the same property tax year.

SECTION 10. Section 4, chapter 656, Oregon Laws 2011, as amended by section 28, chapter 193, Oregon Laws 2013, section 1, chapter 542, Oregon Laws 2017, and section 2, chapter 79, Oregon Laws 2022, is amended to read:

Sec. 4. (1) The amendments to ORS 307.175 by section 3, chapter 656, Oregon Laws 2011, apply to property tax years beginning on or after July 1, 2011.

(2)(a) The amendments to ORS 307.175 by section 1, *[of this 2022 Act]* **chapter 79, Oregon Laws 2022**, apply to property tax years beginning on or after July 1, 2022, **and before July 1, 2024.**

(b) The amendments to ORS 307.175 by section 9 of this 2023 Act apply to property tax years beginning on or after July 1, 2024.

(3) An exemption under ORS 307.175 may not be allowed for property tax years beginning after July 1, 2029.

SECTION 11. ORS 307.455 is amended to read:

307.455. (1) As used in ORS 307.453 to 307.459:

(a) “Assessor” means the county assessor, or the Department of Revenue if under ORS 306.126 the department is responsible for appraisal of the facility at which the qualified machinery and equipment is located.

(b) “Bakery product” has the meaning given that term in ORS 625.010.

(c) “Dairy products” has the meaning given that term in ORS 621.003.

(d) “Food processor”:

(A) Means a person engaged in the business of freezing, canning, dehydrating, concentrating, preserving, processing or repacking for human consumption raw or fresh fruit, vegetables, nuts, legumes, grains, bakery products, dairy products, eggs, *[or]* seafood, **meat or wild game** in any procedure that occurs prior to the point of first sale by the processor.

(B) Does not include:

(i) Persons engaged in the business of producing alcoholic beverages or marijuana items as defined in ORS 475C.009.

(ii) A person engaged in the business of producing bakery products unless the person has been issued a wholesale license by the State Department of Agriculture.

(e) “Integrated processing line” does not include forklifts, trucks or other rolling stock used to transport material to or from a point of manufacture or assembly.

(f) “Qualified machinery and equipment” means property, whether new or used, that is newly acquired by a food processor and placed into service prior to January 1 preceding the first tax year for which an exemption under this section is sought, and that consists of:

(A) Real property machinery and equipment that is used by a food processor in the primary processing of raw or fresh fruit, vegetables, nuts, legumes, grains, bakery products, dairy products, eggs, *[or]* seafood, **meat or wild game**; or

(B) Personal property machinery and equipment that is used in an integrated processing line for the primary processing of raw or fresh fruit, vegetables, nuts, legumes, grains, bakery products, dairy products, eggs, *[or]* seafood, **meat or wild game.**

(2)(a) On or before March 1 preceding the first tax year for which property is to be exempt from taxation under this section, a food processor seeking an exemption under this section shall apply to the assessor for exemption. The application shall be on a form prescribed by the Department of Revenue and shall include any information required by the department, including a schedule of the qualified machinery and equipment for which certification is sought.

(b) Notwithstanding paragraph (a) of this subsection, the assessor may approve an application that is filed after March 1, and on or before December 31 of the assessment year, if the statement is accompanied by a late filing fee of the greater of \$200 or one-tenth of one percent of the real market value of the property that is the subject of the application.

(c) The assessor shall review the application and, if the machinery and equipment that is the subject of the application constitutes qualified machinery and equipment certified by the State Department of Agriculture under ORS 307.457, shall approve the application and exempt the qualified machinery and equipment.

(d) If any of the machinery and equipment that is the subject of the application does not constitute qualified machinery and equipment certified by the State Department of Agriculture under ORS 307.457, the assessor shall exclude the nonqualified machinery and equipment from the application.

(3) Qualified machinery and equipment for which an application has been approved under subsection (2) of this section shall be exempt for the tax year for which the application was approved and for the next four succeeding tax years, if as of the assessment date for each year the property constitutes qualified machinery and equipment.

(4) The duration of the exemption under subsection (3) of this section may not be extended as the result of the value of changes to qualified machinery and equipment that are attributable to rehabilitation, reconditioning or ongoing maintenance or repair.

(5) Notwithstanding subsection (3) of this section, qualified machinery and equipment that is used to process grains or bakery products may not be granted exemption under this section unless the qualified machinery and equipment has a total cost of initial investment of at least \$100,000 to the food processor.

(6) Notwithstanding subsection (3) of this section, qualified machinery and equipment that is used to process bakery products may not be granted exemption under this section if proceeds from retail sales made at the processing site constitute more than 10 percent of all proceeds from sales made at the processing site.

SECTION 12. The amendments to ORS 307.455 by section 11 of this 2023 Act apply to property tax years beginning on or after July 1, 2024.

SECTION 13. ORS 307.621 is amended to read:

307.621. (1) The city or county shall approve or deny an application filed under ORS 307.615 within 180 days after receipt of the application. An application not acted upon within 180 days shall be deemed approved.

[(2) Final action upon an application by the city or county shall be in the form of an ordinance or resolution that shall contain the owner's name and address, a description of the subject multiple-unit housing, either the legal description of the property or the assessor's property account number, and the specific conditions upon which the approval of the application is based.]

(2)(a) Following approval and on or before the deadline set forth in ORS 307.512, the city or county shall *[file with the county assessor and send to the owner at the last-known address of the owner a copy of the ordinance or resolution approving or disapproving the application]* **send a notice of approval to the owner.**

(b) In addition, the city or county shall file with the county assessor a document listing the *[same information otherwise required to be in an ordinance or resolution under this subsection]* **owner's name and address, a description of the subject multiple-unit housing, either the legal description of the property or the assessor's property account number, and the specific conditions upon which the approval of the application is based,** as to each application **approved or deemed approved** under subsection (1) of this section.

(3) If the application is denied, the city or county shall state in writing the reasons for denial and send notice of denial to the applicant at the last-known address of the applicant within 10 days after the denial.

(4)(a) The city or county, after consultation with the county assessor, shall establish an application fee in an amount sufficient to cover the cost to be incurred by the city or county and the assessor in administering ORS 307.600 to 307.637.

(b) The application fee shall be paid to the city or county at the time the application for exemption is filed.

(c) If the application is approved, the city or county shall pay the application fee to the county assessor for deposit in the county general fund, after first deducting that portion of the fee attributable to its own administrative costs in processing the application.

(d) If the application is denied, the city or county shall retain that portion of the application fee attributable to its own administrative costs and shall refund the balance to the applicant.

SECTION 14. The amendments to ORS 307.621 by section 13 of this 2023 Act apply to applications approved on or after the effective date of this 2023 Act.

SECTION 15. ORS 307.624 is amended to read:

307.624. (1)(a) Except as provided in ORS 307.627, if the city or county finds that construction of multiple-unit housing was not completed on or before the date specified in ORS 307.637, or that any provision of ORS 307.600 to 307.637 is not being complied with, or any provision required by the city or county pursuant to ORS 307.600 to 307.637 is not being complied with, the city or county shall give notice to the owner, mailed to the owner's last-known address, and to any known lender, mailed to the lender's last-known address, of the proposed termination of the exemption.

(b) The notice shall state the reasons for the proposed termination and shall require the owner to appear at a specified time, not less than 20 days after mailing the notice, to show cause, if any, why the exemption should not be terminated.

(2) If the owner fails to appear and show cause why the exemption should not be terminated, the city or county shall further notify every known lender and shall allow the lender a period of not less than 30 days, beginning with the date that the notice of failure to appear and show cause is mailed to the lender, to cure any noncompliance or to provide assurance that is adequate, as determined by the governing body, to assure the governing body that the noncompliance will be remedied.

(3)(a) If the owner fails to appear and show cause why the exemption should not be terminated, and a lender fails to cure or give adequate assurance that any noncompliance will be cured, **within 10 days following the later of such failures**, the city or county shall *[adopt an ordinance or resolution stating its findings terminating]* **give notice to the owner that the exemption is terminated.**

(b) **On the same date**, *[a]* **one** copy of the *[ordinance or resolution]* **notice** shall be filed with the county assessor *[and a copy sent to the owner at the owner's last-known address,]* and **another copy shall be sent** to any **affected** lender at the lender's last-known address, *within 10 days after its adoption*.

SECTION 16. The amendments to ORS 307.624 by section 15 of this 2023 Act apply to notices to owners given under ORS 307.624 (1) on or after the effective date of this 2023 Act.

SECTION 17. ORS 307.612 is amended to read:

307.612. (1)(a) Multiple-unit housing that qualifies for exemption under ORS 307.600 to 307.637 may be exempt from ad valorem taxation for no more than 10 successive years.

(b) The first year of exemption is the assessment year beginning January 1 immediately following the calendar year in which construction, addition or conversion is completed, determined by that stage in the construction process when[,];

(A) Pursuant to ORS 307.330, the improvement would have gone on the tax rolls in the absence of the exemption provided for in ORS 307.600 to 307.637; or[,]

(B) In the case of multiple-unit housing that is or becomes subject to a low income housing assistance contract, the application is approved.

(2)(a) The exemption may not include the land or any improvements not a part of the multiple-unit housing.

(b) The exemption may include:

(A) Parking constructed as part of the multiple-unit housing construction, addition or conversion; and

(B) Commercial property to the extent that the commercial property is a required design or public benefit element of a multiple-unit housing construction, addition or conversion approved by an authorizing city or county.

(c) In the case of a structure to which stories or other improvements are added or a structure that is converted in whole or in part from other use to dwelling units, [*only the increase in value attributable to the addition or conversion*] **the entire multiple-unit housing, including the additions to the structure and converted structures,** may be exempt from taxation.

(3) Notwithstanding subsection (1) of this section, if the multiple-unit housing is or becomes subject to a low income housing assistance contract with an agency or subdivision of this state or the United States, the city or county may extend the exemption provided by ORS 307.600 to 307.637 through June 30 of the tax year during which the termination date of the contract falls.

(4)(a) The exemption provided by ORS 307.600 to 307.637 is in addition to any other exemption provided by law. However, nothing in ORS 307.600 to 307.637 may be construed to exempt any property beyond 100 percent of its real market value.

(b) If property is located within a core area and within a light rail station area or a transit oriented area, or both, and application for exemption under more than one program is made, only the exemption for which application is first made and approved may be granted.

(c) If property is granted exemption under ORS 307.600 to 307.637 pursuant to an ordinance or resolution adopted by a city, the property may not be granted exemption pursuant to an ordinance or resolution adopted by a county.

(d) If property is granted exemption under ORS 307.600 to 307.637 pursuant to an ordinance or resolution adopted by a county, the property may not be granted exemption pursuant to an ordinance or resolution adopted by a city.

(e) Property may be granted exemption under ORS 307.600 to 307.637 only once.

SECTION 18. The amendments to ORS 307.612 by section 17 of this 2023 Act apply to exemptions under ORS 307.600 to 307.637 first granted on or after the effective date of this 2023 Act.

SECTION 19. ORS 307.515 is amended to read:

307.515. As used in ORS 307.515 to 307.523:

(1) "Governing body" means the city or county legislative body having jurisdiction over the property for which an exemption may be applied for under ORS 307.515 to 307.523.

(2) "Lender" means the provider of a loan secured by the recorded deed of trust or recorded mortgage made to finance the purchase, construction or rehabilitation of a property used for low income housing under the criteria listed in or adopted under ORS 307.517 or 307.518 **or section 21 of this 2023 Act.**

(3) **"Limited equity cooperative" means a cooperative corporation formed under ORS chapter 62 whose articles of incorporation, in addition to the other requirements of ORS chapter 62, prohibit members from selling their ownership interests:**

(a) **To any person other than a low income person; or**

(b) **For a sales price that exceeds the sum of:**

(A) **The price the member paid for the ownership interest;**

(B) **The cost of any permanent improvements the member made to the housing unit during the member's ownership;**

(C) **Any special assessments the member paid to the limited equity cooperative during the member's ownership that were expended to make permanent improvements to the building in which the member's housing unit is located; and**

(D) A return on the amounts described in subparagraphs (A) to (C) of this paragraph, computed from the year in which the respective amount was paid, that equals the greater of the result of:

(i) Adjusting each amount by the percentage increase, if any, in the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor; or

(ii) Increasing each amount by three percent compounded annually.

~~[(3)]~~ **(4) According to the election of a governing body pursuant to ORS 307.519 (1), “low income” means:**

(a) Income at or below 60 percent of the area median income as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development;

(b)(A) For the initial year that persons occupy property for which an application for exemption is filed under ORS 307.521, income at or below 60 percent of the area median income as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development; and

(B) For every subsequent consecutive year that the persons occupy the property, income at or below 80 percent of the area median income as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development; or

(c) For housing units on property that is awarded tax credits through the federal Low-Income Housing Tax Credit program and is a qualified low-income housing project meeting the requirements of 26 U.S.C. 42(g)(1)(C), income at or below 80 percent of the area median income as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development, provided the average area median income of all housing units on the property is at or below 60 percent of the area median income as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development.

(5) “Rent” includes charges paid by the holder of a proprietary lease in a limited equity cooperative for occupancy of a housing unit owned by the cooperative.

SECTION 20. Section 21 of this 2023 Act is added to and made a part of ORS 307.515 to 307.523.

SECTION 21. (1) Property or a portion of property owned by a limited equity cooperative is exempt from taxation as provided under ORS 307.515 to 307.523 if:

(a) The property is occupied by low income persons holding a proprietary lease in the limited equity cooperative;

(b) The charges paid by the occupant to the limited equity cooperative for occupancy reflect the full value of the property tax exemption;

(c) The exemption has been approved as provided in ORS 307.523, pursuant to an application filed before July 1, 2030;

(d) The housing units on the property were constructed, or converted to limited equity cooperative ownership, after the local governing body adopted the provisions of ORS 307.515 to 307.523; and

(e) The information disclosed on the application filed pursuant to ORS 307.521 meets any other criteria adopted by the governing body.

(2) A governing body that adopts the provisions of ORS 307.515 to 307.523 may adopt additional criteria for exemption that do not conflict with the criteria described in subsection (1)(a) to (d) of this section.

SECTION 22. ORS 307.521 is amended to read:

307.521. (1) A person seeking the exemption granted under ORS 307.515 to 307.523 must file an application for exemption with the governing body. The exemption, if granted, shall be for a period of 20 years.

(2) The application must be filed as set forth in ORS 307.523 and must include the following information, as applicable:

(a) A description of the property or a portion of the property for which the exemption is requested;

(b) A description of the purpose of the project and whether all or a portion of the property is being used for that purpose;

(c) A certification of income levels of low income occupants;

(d) A description of how the tax exemption will benefit project residents;

(e) If the exemption is an exemption described in ORS 307.518, evidence satisfactory to the governing body that the corporation is a nonprofit corporation and meets the criteria for a public benefit corporation or a religious corporation;

(f) If the exemption is an exemption described in section 21 of this 2023 Act, evidence satisfactory to the governing body that the housing units are owned by a limited equity cooperative that meets the criteria for a cooperative corporation under ORS chapter 62;

[(f)] **(g)** A description of the plans for development of the property if the property is being held for future low income rental housing development; and

[(g)] **(h)** A description of how the applicant and the property, respectively, meet any additional criteria adopted by the governing body pursuant to ORS 307.517 (2) or 307.518 (2) **or section 21 (2) of this 2023 Act.**

(3) The applicant shall verify the information in the application by oath or affirmation.

(4)(a) Prior to accepting an application under ORS 307.515 to 307.523, a local jurisdiction shall adopt standards and guidelines to establish the policies governing the consideration of applications under ORS 307.515 to 307.523.

(b) Policies considered may include, but are not limited to:

(A) Rent regulatory agreements or other enforcement mechanisms to demonstrate that the required rent payment reflects the full value of the property tax exemption.

(B) Enforcement mechanisms to ensure that housing that is exempt under ORS 307.515 to 307.523 is maintained in decent, safe and sanitary conditions for the occupants.

(C) Methodology and timing for submitting evidence of use of rentals received from low income persons.

SECTION 23. ORS 307.523 is amended to read:

307.523. (1) Application shall be made on or before December 1 of the calendar year immediately preceding the first assessment year for which exemption is requested, and shall be accompanied by the application fee required under ORS 307.527. However, if the property is acquired after November 1, the application shall be made within 30 days after the date of acquisition.

(2) Within 60 days of the filing of an application under ORS 307.521, the governing body shall take final action upon the application as provided under ORS 307.527, and certify the results of the action to the county assessor, as set forth in ORS 307.512.

(3) Upon receipt of certification under subsection (2) of this section, the county assessor shall exempt the property from taxation to the extent certified by the governing body.

(4) Notwithstanding the dates specified in ORS 307.517 and 307.518 **and section 21 of this 2023 Act**, property granted exemption pursuant to an application filed under ORS 307.517 or 307.518 **or section 21 of this 2023 Act** before July 1, 2030, shall continue to receive the exemption on the same terms, including duration, on which the exemption was granted.

SECTION 24. Section 21 of this 2023 Act and the amendments to ORS 307.515, 307.521 and 307.523 by sections 19, 22 and 23 of this 2023 Act apply to property tax years beginning on or after July 1, 2024.

SECTION 25. Section 1, chapter 624, Oregon Laws 2017, is amended to read:

Sec. 1. (1) As used in sections 1 to 3, **chapter 624, Oregon Laws 2017** [*of this 2017 Act*], “eligible rental property” means newly rehabilitated or constructed multiunit rental housing.

(2)(a) The governing body of a city or county may adopt an ordinance or resolution granting a property tax exemption for eligible rental property located within the boundaries of the city or county, respectively.

(b) The terms of the exemption must conform to the provisions of sections 1 to 3, **chapter 624, Oregon Laws 2017** [of this 2017 Act].

(3)(a) The exemption may be granted to eligible rental property only if:

(A) The rehabilitation or construction is completed after the ordinance or resolution has been adopted; and

(B) The first assessment year to which the application filed under section 2, **chapter 624, Oregon Laws 2017**, [of this 2017 Act] relates is the first assessment year that begins after the eligible rental property is first offered for rent for residential occupancy upon completion of the rehabilitation or construction.

(b) Otherwise eligible rental property may not receive an exemption on the basis of rehabilitation more than once.

(4) An ordinance or resolution adopted pursuant to this section must:

(a) Establish **one of the two following schedules**:

(A) A schedule in which the number of consecutive property tax years for which the exemption is granted, up to a maximum of 10 years, increases directly with the percentage of units constituting the eligible rental property that are rented to households with an annual income at or below 120 percent of the area median income at monthly rates that are affordable to such households.

(B) A schedule in which, for a period of 10 years, the percentage of the exemption granted increases directly with the percentage of units constituting the eligible rental property that are rented to households with an annual income at or below 120 percent of the area median income at monthly rates that are affordable to such households. The percentage of exemption granted to any eligible rental property shall remain in effect for the entire 10-year period.

(b) Include definitions of “area median income,” adjusted for the size of a household, and “affordable,” for purposes of sections 1 to 3, **chapter 624, Oregon Laws 2017** [of this 2017 Act]. The governing body of the city or county that adopted the ordinance or resolution shall notify the county assessor of the definitions.

(5)(a) An ordinance or resolution adopted pursuant to this section may not take effect unless, upon request of the city or county that adopted the ordinance or resolution, the rates of taxation of the taxing districts whose governing bodies agree to grant the exemption, when combined with the rate of taxation of the city or county, equal 51 percent or more of the total combined rate of taxation on the eligible rental property.

(b) If the ordinance or resolution takes effect, the exemption shall apply to all property tax levies of all taxing districts in which eligible rental property is located.

(c) The decisions of the taxing districts under paragraph (a) of this subsection may not be changed but are not binding with respect to an ordinance or resolution adopted pursuant to subsection (6) of this section or a new ordinance or resolution adopted pursuant to subsection (2) of this section.

[(d) All eligible rental property shall be granted exemption under this section on the same terms provided in the ordinance or resolution adopted or amended by the city or county and in effect on the date the application is submitted under section 2 of this 2017 Act.]

(6)(a) A city or county may adopt at any time an ordinance or resolution amending the terms of an exemption granted pursuant to this section, subject to approval of the taxing districts under subsection (5)(a) of this section, or terminating the exemption.

(b) Notwithstanding an ordinance or resolution adopted under paragraph (a) of this subsection, eligible rental property that has been granted an exemption pursuant to this section shall continue to receive the exemption under the terms in effect at the time the exemption was first granted.

(7) As soon as practicable after January 1 of each year, the governing body of a city or county that has adopted an ordinance or resolution under this section shall:

- (a) Determine the area median income as defined by the city or county;
- (b) Notify each owner or lessee of eligible rental property granted exemption pursuant to the ordinance or resolution for the immediately preceding property tax year of the determination; and
- (c) Publish the determination on the website of the city or county, respectively.

SECTION 26. Section 2, chapter 624, Oregon Laws 2017, is amended to read:

Sec. 2. (1)(a) The governing body of a city or county that adopts an ordinance or resolution pursuant to section 1, **chapter 624, Oregon Laws 2017**, [of this 2017 Act] shall prescribe exemption application forms and the information required to be included in an application.

(b) If eligible rental property is located in a city and county each of which has adopted an ordinance or resolution under section 1, **chapter 624, Oregon Laws 2017** [of this 2017 Act], the applicant shall elect the exemption the applicant wishes to receive for the eligible rental property by submitting the application to the city or the county, as applicable.

(c) The applicant must be the owner or lessee of the eligible rental property to which the application relates.

(d) An application must be accompanied by an application fee fixed by the city or county, as applicable, in an amount determined to compensate the city or county for the actual costs of processing the application.

(2)(a) An application must be submitted for review to the city or county, as applicable, on or before March 1 preceding the property tax year to which the application relates.

(b) Notwithstanding paragraph (a) of this subsection, an application may be filed under this section for the current property tax year:

(A) On or before December 31 of the property tax year, if the application is accompanied by a late filing fee of the greater of \$200 or one-tenth of one percent of the real market value as of the most recent assessment date of the eligible rental property to which the application relates.

(B) On or before April 1 of the property tax year, if the application is accompanied by a late filing fee of \$200 and the applicant demonstrates good and sufficient cause, as defined in ORS 307.162, for failing to file a timely application or is a first-time filer, as defined in ORS 307.162, of an application under this subsection.

(c)(A) An application may be filed as provided in paragraph (b) of this subsection notwithstanding that there are no grounds for hardship as required for late filing under ORS 307.475.

(B) A late filing fee collected under paragraph (b) of this subsection must be deposited in the general fund of the city or county, as applicable.

(3)(a) Upon receipt of an initial application submitted pursuant to subsection (2) of this section, the city or county, as applicable, shall determine as soon as practicable:

(A) Whether the property to which the application relates is eligible rental property located within the boundaries of the city or county;

(B) The date on which the rehabilitation or construction of the eligible rental property was or will be completed;

(C) The date on which the eligible rental property was first offered for rent for residential occupancy; and

(D) The rent charged for each unit to which the application relates and whether the rent meets the requirements of the schedule established under section 1 (4), **chapter 624, Oregon Laws 2017** [of this 2017 Act].

(b) If any eligibility determination made under this subsection renders the property ineligible for the exemption, the application shall be rejected and the rejection may not be appealed.

(4)(a) The owner or lessee of eligible rental property granted exemption for the current property tax year must submit an application under subsection (2) of this section for each subsequent property tax year for which the eligible rental property remains eligible under section 1 (4), **chapter 624, Oregon Laws 2017** [of this 2017 Act].

(b) If any eligibility determination made under this subsection renders the eligible rental property ineligible for the exemption, the application shall be rejected.

(5) If the property qualifies for the exemption under subsection (3) or (4) of this section and the application meets the requirements of the ordinance or resolution of the city or county, the governing body shall, on or before April 1[,];

(a) Adopt a resolution[.];

[(a)] approving the application; and

(b) [Notifying] **Notify** the assessor of the county in which the eligible rental property is located of the approval and [including] **include** with the notification all information necessary for the assessor to perform the assessor's duties with respect to the eligible rental property.

SECTION 27. Section 3, chapter 624, Oregon Laws 2017, is amended to read:

Sec. 3. (1) If, after an exemption is granted pursuant to an ordinance or resolution adopted by **the governing body of a city or county** under section 1, **chapter 624, Oregon Laws 2017**, [of this 2017 Act, the county assessor determines] **the governing body discovers or is notified by the owner** that the eligible rental property does not meet the requirements of the ordinance or resolution or section 1, **chapter 624, Oregon Laws 2017**, [of this 2017 Act:] **the governing body shall so notify the county assessor as soon as practicable.**

(2) **Upon receipt by the assessor of notice under subsection (1) of this section:**

(a) The exemption shall be terminated immediately, without right of notice or appeal;

(b) The eligible rental property shall be assessed and taxed as other property similarly situated is assessed and taxed; and

(c) Notwithstanding ORS 311.235, there shall be added to the general property tax roll for the tax year next following the determination, to be collected and distributed in the same manner as other real property tax, an amount equal to the **difference between the amount of tax due on the eligible rental property and the amount of the tax** that would have been due on the property had it not been exempt, for each of the years during which the property was exempt[, not to exceed 10 tax years].

[(2)] (3) The assessment and tax rolls shall show "potential additional tax liability" for each eligible rental property granted exemption pursuant to section 1, **chapter 624, Oregon Laws 2017** [of this 2017 Act].

[(3)] (4) Additional taxes collected under this section shall be deemed to have been imposed in the year to which the additional taxes relate.

SECTION 28. ORS 307.260 is amended to read:

307.260. (1)(a) Each veteran or surviving spouse qualifying for the exemption under ORS 307.250 shall file with the county assessor, on forms supplied by the assessor, a claim therefor in writing on or before April 1 of the assessment year for which the exemption is claimed, except that when the property designated is acquired after March 1 but prior to July 1 the claim shall be filed within 30 days after the date of acquisition.

(b) A claim need not be filed under this section in order to be allowed the exemption described in ORS 307.250 if:

(A) The homestead or personal property of the veteran or surviving spouse was allowed the exemption under ORS 307.250 for the preceding tax year;

(B) The individual claiming the exemption is a veteran described in ORS 307.250 (2)(a) or (3)(a) or a surviving spouse who meets the requirements of ORS 307.250 (2)(c) or (3)(b); and

(C) As of the filing date for the current tax year, the ownership and use of the homestead or personal property and all other qualifying conditions for the homestead or personal property to be allowed the exemption remain unchanged.

(c)(A) If the individual claiming the exemption is a veteran described in ORS 307.250 (2)(b), the claimant shall file a claim annually that satisfies the requirements of subsection (2) of this section on or before the date required in paragraph (a) of this subsection.

(B) If the county assessor has not received a claim filed under this paragraph on or before April 1 of the current year, not later than April 10 of each year, the county assessor shall notify the veteran in the county who secured an exemption under ORS 307.250 (2)(b) in the preceding year but who did not make application therefor on or before April 1 of the current year. The county assessor

may provide the notification on an unsealed postal card. A veteran so notified may secure the exemption, if still qualified, by making application therefor to the county assessor not later than May 1 of the current year, accompanied by a late-filing fee of \$10, which shall be deposited in the general fund of the county for general governmental expenses. If the claim for any tax year is not filed within the time specified, the exemption may not be allowed on the assessment roll for that year.

(2)(a) The claim shall set out the basis of the claim and designate the property to which the exemption may apply. Except as provided in subsection (3) of this section, claims for exemptions under ORS 307.250 (2)(a) and (3)(a) shall have affixed thereto the certificate last issued by United States Department of Veterans Affairs or the branch of the Armed Forces of the United States, as the case may be, but dated within three years prior to the date of the claim for exemption, certifying the rate of disability of the claimant.

(b) Claims for exemption under ORS 307.250 (2)(b) shall, except as provided in subsection (3) of this section, have affixed thereto, in addition to the certificate last issued by a licensed physician or naturopathic physician and dated within one year prior to the date of the claim for exemption, certifying the rate of disability of the claimant, a statement by the claimant under oath or affirmation setting forth the total gross income received by the claimant from all sources during the last calendar year.

(c) There also shall be affixed to each claim the affidavit or affirmation of the claimant that the statements contained therein are true.

(3) The provisions of subsection (2) of this section that require a veteran to affix to the claim certificates of the United States Department of Veterans Affairs, a branch of the Armed Forces of the United States or a licensed physician or naturopathic physician do not apply to a veteran who has filed the required certificate after attaining the age of 65 years or to a veteran who has filed, on or after September 27, 1987, a certificate certifying a disability rating that, under federal law, is permanent and cannot be changed.

(4)(a) Notwithstanding subsection (1) of this section, a surviving spouse may *[file a claim for] elect, at any time during the tax year, to continue* the exemption under ORS 307.250 *[at any time during the tax year] without filing a new claim* if:

(A) The veteran died during the previous tax year; or

(B) The property designated as the homestead was acquired after March 1 but prior to July 1 of the assessment year and the veteran died within 30 days of the date the property was acquired.

(b) The surviving spouse of a veteran must notify the county assessor of the election.

[(b)] (c) [The claim shall be allowed by] Upon receipt of the notice, the county assessor **shall continue the exemption** if the surviving spouse meets all of the *[qualifications]* **eligibility requirements** for an exemption under ORS 307.250 other than the timely filing of a claim under subsection (1) of this section.

[(c)] (d) If taxes on the exempt value have been paid, the taxes shall be refunded in the manner prescribed in paragraph (d) of this subsection. If taxes on the exempt value have not been paid, the taxes and any interest *[thereon shall be]* **on the taxes are** abated.

[(d)] (e) The tax collector shall notify the governing body of the county of any refund required under this section and the governing body shall cause a refund of the taxes and any interest paid to be made from the unsegregated tax collections account described in ORS 311.385. The refund under this subsection shall be made without interest. The county assessor and tax collector shall make the necessary corrections in the records of their offices.

SECTION 29. The amendments to ORS 307.260 by section 28 of this 2023 Act apply to property tax years beginning on or after July 1, 2023.

CAPTIONS

SECTION 30. The unit and section captions used in this 2023 Act are provided only for the convenience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this 2023 Act.

EFFECTIVE DATE

SECTION 31. This 2023 Act takes effect on the 91st day after the date on which the 2023 regular session of the Eighty-second Legislative Assembly adjourns sine die.

Passed by House June 13, 2023

.....
Timothy G. Sekerak, Chief Clerk of House

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Dan Rayfield, Speaker of House

Passed by Senate June 22, 2023

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Rob Wagner, President of Senate

Received by Governor:

.....M,....., 2023

Approved:

.....M,....., 2023

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Tina Kotek, Governor

Filed in Office of Secretary of State:

.....M,....., 2023

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Secretary of State