

House Bill 2705

Sponsored by Representative KROPF (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Authorizes city or county to establish schedule in which percentage of property tax exemption granted to affordable multiunit rental housing increases directly with percentage of units rented to households with annual income at or below 120 percent of area median income.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to property tax exemption for affordable multiunit housing; amending section 1, chapter
3 624, Oregon Laws 2017; and prescribing an effective date.

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

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

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

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

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

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

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

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

20 (b) Otherwise eligible rental property may not receive an exemption on the basis of rehabili-
21 tation more than once.

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

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

28 **(B) Establish a schedule in which:**

29 **(i) The percentage of the exemption granted increases directly with the percentage of**
30 **units constituting the eligible rental property that are rented to households with an annual**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 **income at or below 120 percent of the area median income at monthly rates that are af-**
2 **fordable to such households; and**

3 **(ii) The number of consecutive property tax years for which the exemption is granted,**
4 **up to a maximum of 10 years, is determined; and**

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

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

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

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

20 (d) All eligible rental property shall be granted exemption under this section on the same terms
21 provided in the ordinance or resolution adopted or amended by the city or county and in effect on
22 the date the application is submitted under section 2, **chapter 624, Oregon Laws 2017** [*of this 2017*
23 *Act*].

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

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

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

32 (a) Determine the area median income as defined by the city or county;

33 (b) Notify each owner or lessee of eligible rental property granted exemption pursuant to the
34 ordinance or resolution for the immediately preceding property tax year of the determination; and

35 (c) Publish the determination on the website of the city or county, respectively.

36 **SECTION 2. This 2023 Act takes effect on the 91st day after the date on which the 2023**
37 **regular session of the Eighty-second Legislative Assembly adjourns sine die.**