

B-Engrossed
Senate Bill 919

Ordered by the Senate June 9
Including Senate Amendments dated March 31 and June 9

Sponsored by COMMITTEE ON HOUSING AND DEVELOPMENT

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.

[Provides] **Authorizes city or county to adopt** five-year property tax exemption for newly constructed accessory dwelling unit, or newly converted duplex, triplex or quadplex, that is used as occupant's primary residence. **Requires approval of affected taxing districts imposing majority of total combined rate of taxation on eligible property.** Applies to property tax years beginning on or after July 1, 2024.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to housing; and prescribing an effective date.

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

4 **SECTION 1. (1) As used in sections 1 to 4 of this 2023 Act:**

5 (a) "Adopting jurisdiction" means the governing body of a city or county that adopts an
6 exemption law.

7 (b) "Eligible property" means property described in subsection (3) of this section.

8 (c) "Exemption law" means an ordinance or resolution adopted pursuant to subsection
9 (2) of this section.

10 (2)(a) The governing body of a city or county may adopt by ordinance or resolution a law
11 granting a property tax exemption for property described in subsection (3) of this section.

12 (b) The ordinance or resolution may include any other conditions for the exemption that
13 do not conflict with sections 1 to 4 of this 2023 Act.

14 (3) Property of an owner, lessee or other person responsible for paying the taxes on the
15 property is eligible for exemption under this section if the property is:

16 (a)(A) A newly constructed accessory dwelling unit as defined in ORS 215.501; or

17 (B) A duplex, triplex or quadplex that has been newly converted from a single-family
18 dwelling; and

19 (b) During the period of the exemption:

20 (A) Used as the occupant's primary residence; and

21 (B) Not rented out for consideration as transient lodging for any duration.

22 (4) For purposes of this section, property shall be considered newly constructed or newly
23 converted if, following the completion of the construction or conversion, a certificate of oc-
24 cupancy was issued for the property at any time within the 12-month period immediately
25 preceding the date on which an application for the exemption is first filed under section 2
26 of this 2023 Act.

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 (5)(a) Eligible property shall be exempt from taxation for an initial property tax year and
2 for the four succeeding property tax years, provided the conditions for eligibility are met for
3 each year, including the filing of timely applications.

4 (b) Only one exemption may be granted per tax account.

5 (6)(a) An exemption law may not take effect unless:

6 (A) Upon request of the adopting jurisdiction, the governing bodies of the other taxing
7 districts having territory within the boundaries of the city or county vote to approve the
8 exemption; and

9 (B) The combined rates of taxation of the city or county and all approving taxing districts
10 equal 51 percent or more of the total combined rate of taxation on the eligible property.

11 (b) If the exemption law takes effect, the exemption shall apply to all property tax levies
12 of all taxing districts in which the exempt property is located.

13 (c) The decisions of the taxing districts under paragraph (a) of this subsection may not
14 be changed but are not binding with respect to an exemption law amended by the adopting
15 jurisdiction pursuant to subsection (7) of this section.

16 (7)(a) An adopting jurisdiction may adopt at any time an ordinance or resolution amend-
17 ing the terms of an exemption law adopted pursuant to this section, subject to the approval
18 of the taxing districts under subsection (6)(a) of this section, or repealing the exemption law.

19 (b) Notwithstanding paragraph (a) of this subsection, property that has been granted an
20 exemption under the exemption law before the effective date of the amendment shall con-
21 tinue to receive the exemption under the terms in effect at the time the exemption was first
22 granted.

23 (8) The exemption granted under this section is in addition to and not in lieu of any other
24 property tax limit, exemption or partial exemption, special assessment or deferral.

25 (9) ORS 315.037 does not apply to this section.

26 **SECTION 2.** (1)(a) An adopting jurisdiction shall prescribe exemption application forms
27 and the information required to be included in the application.

28 (b) If eligible property is located in a city and county, each of which is an adopting ju-
29 risdiction, the applicant shall elect the exemption the applicant wishes to receive for the el-
30 igible property by submitting the application to the appropriate governing body.

31 (2) An application for exemption for eligible property must:

32 (a) Be in writing on the form supplied by the city or county;

33 (b) Describe the property;

34 (c) Recite all facts establishing the eligibility of the property for the exemption; and

35 (d) Have attached:

36 (A) Any information or documentation required by the adopting jurisdiction; and

37 (B) A written declaration by the applicant, subject to penalties for false swearing, that
38 the statements contained in the application are true.

39 (3) An application for an initial year of the exemption must be filed with the adopting
40 jurisdiction in which the eligible property is located:

41 (a) If the certificate of occupancy for the eligible property is issued on or after July 1
42 and on or before March 1 of the immediately succeeding calendar year, after January 1 and
43 on or before April 1 immediately preceding the property tax year for which the exemption
44 is claimed; or

45 (b) If the certificate of occupancy is issued after March 1 and before July 1, after April

1 1 immediately preceding the property tax year for which the exemption is claimed and on or
2 before August 1 of the property tax year for which the exemption is claimed.

3 (4) Applications for the succeeding years of the exemption must be filed annually with
4 the adopting jurisdiction after January 1 and on or before April 1 immediately preceding the
5 property tax year for which the exemption is claimed.

6 **SECTION 3.** (1) Within 60 days after receiving an application submitted under section 2
7 of this 2023 Act, the adopting jurisdiction shall determine whether the property to which the
8 application relates is eligible property located within the boundaries of the city or county and
9 whether the application complies with the adopting jurisdiction’s exemption law and sections
10 1 to 4 of this 2023 Act.

11 (2)(a)(A) If the adopting jurisdiction determines that the property or application does not
12 meet all the requirements described in subsection (1) of this section, the application shall
13 be rejected and the applicant shall be notified of the decision and the reasons for the deci-
14 sion.

15 (B) Any person aggrieved by the denial of an application for exemption under this section
16 may appeal to the Oregon Tax Court in the manner provided under ORS 305.404 to 305.560.

17 (b) If the adopting jurisdiction determines that the property and application meet all the
18 requirements described in subsection (1) of this section, the adopting jurisdiction shall, as
19 soon as practicable:

20 (A) Approve the application and notify the applicant of its decision; and

21 (B) File notice of the approval, and any additional information required under the ex-
22 emption law or sections 1 to 4 of this 2023 Act, with the assessor of the county in which the
23 eligible property is located.

24 (3) For each property tax year that eligible property is granted exemption, the county
25 assessor shall enter on the assessment and tax roll that the eligible property is subject to
26 potential additional taxes as provided under section 4 of this 2023 Act, by adding the notation
27 “potential additional taxes.”

28 (4) If eligible property is transferred to new ownership within the five-year period of the
29 exemption, the exemption may continue for the remaining number of years granted if:

30 (a) The property continues to qualify as eligible property; and

31 (b) Timely applications are filed under section 2 of this 2023 Act.

32 **SECTION 4.** (1) Upon the earlier of the date on which the five-year period of exemption
33 granted under an exemption law expires, or new property or new improvements as defined
34 in ORS 308.149 are added to the tax account that includes exempt eligible property, the eli-
35 gible property shall:

36 (a) Have for the immediately succeeding property tax year a maximum assessed value
37 as determined under ORS 308.156 (5); and

38 (b) Be assessed and taxed as other property similarly situated is assessed and taxed.

39 (2) Subsection (3) of this section applies if, as of January 1 of any assessment year within
40 the five-year period of the exemption, the eligible property:

41 (a) Is no longer occupied as the primary residence of any individual; or

42 (b) Has been rented out for consideration as transient lodging for any duration.

43 (3)(a) Upon discovery by the adopting jurisdiction, or notice from the taxpayer to the
44 adopting jurisdiction, that a circumstance listed in subsection (2) of this section has oc-
45 curred, the adopting jurisdiction shall notify the county assessor of the circumstance.

1 **(b) Upon receipt of the notice, the county assessor shall:**

2 **(A) Immediately terminate the property's exemption;**

3 **(B) For the immediately succeeding property tax year, determine the maximum assessed**
4 **value of the property under ORS 308.156 (5);**

5 **(C) Assess and tax the property as other property similarly situated is assessed and**
6 **taxed; and**

7 **(D) Notwithstanding ORS 311.235, add to the general property tax roll for the property**
8 **tax year next following the date of termination, to be collected and distributed in the same**
9 **manner as other ad valorem property taxes, an amount equal to the difference between the**
10 **taxes assessed against the eligible property during the period of the exemption and the taxes**
11 **that would have been assessed against the property if it had never been granted the ex-**
12 **emption, for each of the years for which the eligible property was granted the exemption.**

13 **(4) Additional taxes collected under this section shall be deemed to have been imposed in**
14 **the year to which the additional taxes relate.**

15 **SECTION 5.** **Sections 1 to 4 of this 2023 Act apply to property tax years beginning on or**
16 **after July 1, 2024.**

17 **SECTION 6.** **This 2023 Act takes effect on the 91st day after the date on which the 2023**
18 **regular session of the Eighty-second Legislative Assembly adjourns sine die.**

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