

Requested by Representative KROPF

**PROPOSED AMENDMENTS TO
HOUSE BILL 2705**

1 On page 1 of the printed bill, line 2, delete “section 1” and insert
2 “sections 1, 2, 3 and 4”.

3 Delete lines 5 through 30 and delete page 2 and insert:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 property is located.

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

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

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

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

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

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

22 “(b) Notify each owner or lessee of eligible rental property granted ex-
23 emption pursuant to the ordinance or resolution for the immediately pre-
24 ceding property tax year of the determination; and

25 “(c) Publish the determination on the website of the city or county, re-
26 spectively.

27 “**SECTION 2.** Section 2, chapter 624, Oregon Laws 2017, is amended to
28 read:

29 “**Sec. 2.** (1)(a) The governing body of a city or county that adopts an or-
30 dinance or resolution pursuant to section 1, **chapter 624, Oregon Laws**

1 **2017**, [of this 2017 Act] shall prescribe exemption application forms and the
2 information required to be included in an application.

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

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

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

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

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

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

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

27 “(c)(A) An application may be filed as provided in paragraph (b) of this
28 subsection notwithstanding that there are no grounds for hardship as re-
29 quired for late filing under ORS 307.475.

30 “(B) A late filing fee collected under paragraph (b) of this subsection must

1 be deposited in the general fund of the city or county, as applicable.

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

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

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

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

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

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

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

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

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

29 “(a) Adopt a resolution[:]

30 “[a)] approving the application; and

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

5 **“SECTION 3.** Section 3, chapter 624, Oregon Laws 2017, is amended to
6 read:

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

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

17 “(a) The exemption shall be terminated immediately, without right of no-
18 tice or appeal;

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

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

28 “[~~2~~] **(3)** The assessment and tax rolls shall show ‘potential additional tax
29 liability’ for each eligible rental property granted exemption pursuant to
30 section 1, **chapter 624, Oregon Laws 2017** [*of this 2017 Act*].

1 “[3] (4) Additional taxes collected under this section shall be deemed to
2 have been imposed in the year to which the additional taxes relate.

3 **“SECTION 4.** Section 4, chapter 624, Oregon Laws 2017, is amended to
4 read:

5 **“Sec. 4.** *[(1) Sections 1 to 3 of this 2017 Act are repealed on January 2,*
6 *2027.]*

7 **“(1)(a) Section 1, chapter 624, Oregon Laws 2017, as amended by**
8 **section 1 of this 2023 Act, is repealed on January 2, 2027.**

9 **“(b) Section 2, chapter 624, Oregon Laws 2017, as amended by sec-**
10 **tion 2 of this 2023 Act, is repealed on January 2, 2027.**

11 **“(c) Section 3, chapter 624, Oregon Laws 2017, as amended by sec-**
12 **tion 3 of this 2023 Act, is repealed on January 2, 2027.**

13 **“(2) Notwithstanding the date specified in subsection (1) of this section,**
14 **eligible rental property that is granted exemption under an ordinance or re-**
15 **solution adopted pursuant to section 1, chapter 624, Oregon Laws 2017,**
16 **[of this 2017 Act] before the date specified in subsection (1) of this section**
17 **shall continue to receive the exemption under the provisions of the ordinance**
18 **or resolution for the period of time for which the exemption was granted.**

19 **“SECTION 5. This 2023 Act takes effect on the 91st day after the**
20 **date on which the 2023 regular session of the Eighty-second Legislative**
21 **Assembly adjourns sine die.”.**

22 _____