

## Property Tax Special Assessment for Affordable Housing

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### Background

The “frozen assessed value” envisioned in the bill as drafted would be administered as a property tax special assessment under Oregon Constitution, Article XI, Section 11. The Department of Revenue has three technical suggestions to reconcile the bill with the constitution.

### Administrative Topics

First, Section 1 of the bill creates the novel concept of a frozen assessed value. To make that fit with Oregon Constitution, Article XI, derived from 1997’s Measure 50, it would be easier to implement if the bill would refer to that as a special assessment, and to add a new paragraph 15 such as the following:

(15) For the first and each subsequent tax year for which property is assessed under this section, the property’s maximum specially assessed value shall equal the product of the frozen specially assessed value under subsection (3) of this section multiplied by the ratio, not greater than 1.00, of the maximum assessed value of the property for the applicable tax year under subsection (3) to the real market value of the property for the applicable tax year under subsection (3).

For the same reason, it would help to use the term “real market value” instead of “assessed value” in the first sentence of paragraph 3, and to reference ORS 308.156(5) in paragraph 11.

Second, Oregon Constitution, Article IX, Section 35(1)(a) says the bill, as a revenue bill, can not have the emergency clause found in Section 35 of the base bill.

Third, it is not clear whether the bill intends that the occupant of the eligible property must also be the owner. The definition in Section 1(1) reads one way, and the transfer language in paragraph 10 suggests the opposite intent.

### Agency Contact

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