

## Property Tax on Common Areas in Planned Community

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### Background

In a planned community, common areas are not taxed separately. Their value is apportioned among all the lots in the community and included in the value of each unit. SB 847 and the -10 amendment would change ORS 94.550 to exclude religious- or public benefit corporation-owned or affordability covenant-encumbered residential units from the definition of planned community.

### Administrative Topics

The Department of Revenue seeks clarification on the timing of this change. While it is clear in Section 39 of the -10 amendment that the change would be operative January 1, 2024, the text reads as though it would also apply to existing planned communities owned by religious or nonprofit corporations or having affordability covenants. The result could be an unexpected tax bill for the owner of common areas in those communities.

The solution would be to add language specifying that the change to ORS 94.550 only applies to planned communities established on or after January 1, 2024.

### Agency Contact

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