

Background

The Department of Revenue supports the -A3 amendment to SB 1012A because it resolves three meaningful technical concerns with the A-Engrossed bill and ensures the bill will achieve its own desired outcome.

Administrative Topics

First, the -A3 amendment makes clear that the ratio used in lowering the assessed value (AV) for the eligible property will fully reduce it to the maximum-assessed value (MAV) the property would have had without any MAV growth that occurred in the interim. In other words, the phrase “would have had” is to achieve the “freezing” of AV for the taxpayer. Without the -A3, the “frozen” AV could end up being higher than in the year the destruction occurred.

Second, the -A3 ensures Section 1(4) mirrors the calculation made in any normal property but using the lower “frozen” specially assessed value (SAV) and its corresponding maximum specially assessed value (MSAV). In a normal calculation, the AV is the lesser of the RMV or the MAV. In the case of eligible property under SB 1012A-3, the SAV will act as a new lower RMV for the calculation and the MSAV will act as a new lower MAV. Without replacing “ORS 308.146” with “subsection 3 of this section,” the unintended effect would be to use the normal (before property destruction) MAV instead of the new lower number.

Third, the -A3 allows the eligible property to benefit from 1990 Measure 5 compression the same as other properties would, making it subject to Measure 5’s general government (\$10 per \$1,000) and education (\$5 per \$1,000) caps.

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