

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
82nd Oregon Legislative Assembly
2024 Regular Session
Legislative Revenue Office

Bill Number:	SB 1545 - 1
Revenue Area:	Property Tax
Economist:	Beau Olen
Date:	2.22.24

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Authorizes a county to allow owners that had their homesteads destroyed by the September 2020 wildfires and have had the homestead rebuilt on the same lot, receive a specially assessed value equal to the destroyed homestead's real market value for the 2020-21 tax year, up to the square footage of the destroyed homestead. Allows retroactivity back to the 2021-22 tax year. Requires refunds of taxes overpaid during the retroactive period. Disqualifies properties at the earliest of when the rebuilt homestead is no longer the owner's principal dwelling, is rented to another person for any duration or is transferred to new ownership. Grandfathers special assessment to properties on the same terms if the county ends or amends the program. Makes relief from special assessment in addition to any other property tax relief. Takes effect 91 days after sine die.

Revenue Impact:

The bill has no direct revenue impact. The special assessment is a permissive option for the county. Any revenue impacts on local governments depend on future actions of the counties in which the homesteads destroyed by the September 2020 wildfires have been rebuilt.

Impact Explanation:

The amount of any revenue impact will depend on the number of counties that adopt the special assessment. The timing and magnitude of the revenue impacts depend on several factors including the number of rebuilt homes, local property market conditions, current construction costs and the quantity of rebuilding that has occurred before the homestead(s) enter the special assessment. Part of the revenue impact will be due to refunds of property taxes that were already paid, up to the square footage of the rebuilt homestead, during the retroactive period. Approximately 4,000 homesteads, in eight counties, were destroyed by the 2020 wildfires. Most of the destroyed homesteads were in Jackson County (including many manufactured homes) and Marion County. Approximately 75 percent of those destroyed homesteads have permits to rebuild, 90 percent of which have completed construction. The number of new permits to rebuild peaked in 2021 and has since declined rapidly. The real market value of rebuilt homesteads of the same square footage may be significantly higher than before the wildfires due to inflation in construction costs and quality improvements.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is to provide property tax relief to those that had their homesteads destroyed in the September 2020 wildfires and have rebuilt the homestead on the same lot.