

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
83rd Oregon Legislative Assembly  
2025 Regular Session  
Legislative Revenue Office

**Bill Number:** HB 2078  
**Revenue Area:** Property Tax  
**Economist:** Beau Olen  
**Date:** 3/31/2025

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

**Measure Description:**

Extends the property tax exemption for new or rehabilitated multi-unit rental housing by moving the sunset date six years, from January 1, 2027, to January 1, 2033. Becomes effective 91 days after sine die.

**Revenue Impact (in \$Millions):**

|                   | Biennium |         |         |
|-------------------|----------|---------|---------|
|                   | 2025-27  | 2027-29 | 2029-31 |
| Local Governments | \$0      | -\$0.7  | -\$0.7  |

**Impact Explanation:**

Under current law, cities or counties may adopt an ordinance or resolution granting a property tax exemption for newly constructed or rehabilitated multi-unit rental housing. The ordinance must publish one of two exemption schedules which specify the exemption amount (up to 100 percent) and term (up to 10 years), where both schedules depend on the share of units rented at affordable rates to households who have income up to 120 percent of area median income. If the exemption expires, property which has been granted the exemption continues to receive the exemption under the terms in effect at the time the exemption was first granted.

The revenue impact on local governments from extending the exemption is -\$0.7 million in 2027-29 and -\$0.7 million in 2029-31. There is no impact in 2025-27 because the impacts which would otherwise arise when property taxes become a lien on property on July 1 of 2025 and 2026 are both before the current sunset on 1/1/2027 and are therefore covered by current law. Growth of the exemption has been about one new account per year. The revenue impact is currently driven by one city, which recently granted a 100 percent exemption for a 372-unit housing development with an exempt assessed value of about \$38 million and plans to use the exemption over the next six years to develop another 224 housing units. The impact accounts for annual 3 percent growth in the maximum assessed value of properties and a non-bond tax rate for multi-unit housing property (class 701 or 781) of \$14.95 per \$1,000 of assessed value.

**Creates, Extends, or Expands Tax Expenditure: Yes  No**

The policy purpose of this measure is to increase the supply of workforce rental housing in Oregon.