

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

Bill Number: HB 2074
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 vertical housing development projects by moving the sunset date six years, from December 31, 2025, to December 31, 2031. Becomes effective 91 days after sine die.

Revenue Impact (in \$Millions):

	Fiscal Year			Biennium		
	2025-26	2026-27		2025-27	2027-29	2029-31
Local Governments	\$0	-\$1.3		-\$1.3	-\$3.1	-\$4.8

Impact Explanation:

Under current law, a 10-year partial property tax exemption for up to 80 percent of the property value is available for new construction or rehabilitation of mixed-use property (residential and non-residential) in a vertical housing development zone designated by cities. 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 -\$1.3 million in 2025-27, -\$3.1 million in 2027-29, and -\$4.8 million in 2029-31. There is no impact in 2025-26 because the impacts which would otherwise arise when property taxes become a lien on property on July 1, 2025, are before the current sunset on 12/31/2025 and are therefore covered by current law. Growth of the exemption has been about three new accounts per year. The average exempt assessed value per account is about \$8.7 million, representing an average exemption amount of about 60 percent. The impact assumes an 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 \$18.35 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 and density of mixed-use housing, including affordable housing, in Oregon's city centers.