

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

Bill Number: HB 2077
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 nonprofit low-income rental housing by moving the sunset date six years, from June 30, 2027, to June 30, 2033. Becomes effective 91 days after sine die.

Revenue Impact (in \$Millions):

	Biennium		
	2025-27	2027-29	2029-31
Local Governments	\$0	-\$45.4	-\$47.4

Impact Explanation:

Under current law, cities or counties may adopt an ordinance or resolution granting for an indefinite term, full property tax exemption for certain real property owned, being purchased, or leased by nonprofit corporations and nonprofit partnerships. The property must be occupied by low-income tenants or held for the purpose of developing low-income rental housing. If the exemption expires, property which has been granted the indefinite term exemption will no longer receive the exemption.

The revenue impact on local governments from extending the exemption is -\$45.4 million in 2027-29 and -\$47.4 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 6/30/2027 and are therefore covered by current law. About 870 accounts are currently exempt, which have an average exempt assessed value per account of about \$1.3 million. Growth of the exemption has been about 20 new accounts per year. 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 \$18.80 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 low-income rental housing in Oregon.