

**REVENUE: Revenue Statement Issued**

**FISCAL: No Fiscal Impact**

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**Action:** Do pass as amended; be printed engrossed.

**Vote:** 4-0-1

**Yeas:** G. George, Monroe, Starr, Deckert

**Nays:**

**Exc.:** Burdick

**Prepared By:** Mary Ayala, Economist

**Meeting Dates:** 4/5, 4/16

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**WHAT THE BILL DOES:** Extends sunset date for a 10 year partial exemption from property taxes for the rehabilitation of housing or the conversion of buildings to housing. The proposed sunset date is January 1, 2017. Provides that rehabilitation improvements must be executed within 2 years of initial application. Takes effect upon becoming law.

**ISSUES DISCUSSED:**

- Since 1975 the city of Portland has rehabilitated 422 properties and 2,400 units located in designated 'distressed' areas.
- Every 3 years the city reviews and may revise the geographic boundaries of its distressed areas.
- Question about whether or not the tax abatement could be approved locally for only the city's share of property tax revenues. To date, local approval in Portland has been for the full abatement.

**EFFECT OF COMMITTEE AMENDMENTS:** Changes the sunset date to January 1, 2017.

**BACKGROUND:** A city or county may exempt from property tax the value of the rehabilitated portion of a home or building that has been converted to housing if the property is not less than 25 years of age and sums have been expended for rehabilitation the costs of which were at least 5% of the assessed value of the property. A city or county may also grant the partial exemption regardless of the age of the structure if value of the improvements equals or exceeds 50% of the assessed value of the land and improvements reflected in the assessment roll preceding the date on which an application for the limited assessment was filed. Under current law, the property owner must file an application for the limited assessment prior to commencement of rehabilitation improvements; but there is no deadline within the 10 year special assessment period during which the improvements must be executed, The sunset date is currently January 1, 2008.