

# Senate Bill 653

Sponsored by Senator WALKER

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Permits tax-exempt entities to claim exemption for property held under sublease from taxable owner.

## A BILL FOR AN ACT

Relating to tax exemption for property subleased by tax-exempt entities; amending ORS 307.112.

**Be It Enacted by the People of the State of Oregon:**

**SECTION 1.** ORS 307.112 is amended to read:

307.112. (1) Real or personal property of a taxable owner held under lease, **sublease** or lease-purchase agreement by an institution, organization or public body, other than the State of Oregon, granted exemption or the right to claim exemption for any of its property under ORS 307.090, 307.130, 307.136, 307.140, 307.145 or 307.147, is exempt from taxation if:

(a) The property is used by the lessee **or sublessee** in the manner, if any, required by law for the exemption of property owned or being purchased by it; and

(b) It is expressly agreed within the lease, **sublease** or lease-purchase agreement that the rent payable by the institution, organization or public body has been established to reflect the savings below market rent resulting from the exemption from taxation.

(2) The lessee **or sublessee** shall file a claim for exemption with the county assessor, verified by the oath or affirmation of the president or other proper officer of the institution or organization, or head official of the public body or legally authorized delegate, showing:

(a) A complete description of the property for which exemption is claimed.

(b) If applicable, all facts relating to the use of the property by the lessee **or sublessee**.

(c) A true copy of the lease, **sublease** or lease-purchase agreement covering the property for which exemption is claimed.

(d) Any other information required by the claim form.

(3) If the assessor is not satisfied that the rent stated in the lease, **sublease** or lease-purchase agreement has been established to reflect the savings below market rent resulting from the tax exemption, before the exemption may be granted the lessor **or sublessor** shall provide documentary proof, as specified by rule of the Department of Revenue, that the rent has been established to reflect the savings below market rent resulting from the tax exemption.

(4)(a) The claim shall be filed on or before April 1, except as follows:

(A) If the lease, **sublease** or lease-purchase agreement is entered into after March 1 but not later than June 30, the claim shall be filed within 30 days after the date the lease, **sublease** or lease-purchase agreement is entered into if exemption is claimed for that year; or

(B) Notwithstanding that no hardship grounds exist, if a late filing fee is determined, paid and

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 distributed in the manner provided in ORS 307.162 (2), the claim shall be filed on or before December  
2 31 of the tax year for which exemption is first claimed.

3 (b) The exemption first shall apply for the tax year beginning July 1 of the year for which the  
4 claim is filed. The exemption shall continue so long as the use of the property remains unchanged  
5 and during the period of the lease, **sublease** or lease-purchase agreement. If the use changes, a new  
6 application shall be filed as provided in this section. If the lease, **sublease** or lease-purchase  
7 agreement expires before July 1 of any year, the exemption shall terminate as of January 1 of the  
8 same calendar year.

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