

Senate Bill 697

Sponsored by Senator MORSE

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**.

Requires county assessor to reduce maximum assessed value of property when buildings are demolished or removed. Permits taxpayer to file petition to assessor to correct error in maximum assessed value due to demolition or removal of building.

A BILL FOR AN ACT

1
2 Relating to property taxation; amending ORS 308.146, 308.153 and 311.234.

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

4 **SECTION 1.** ORS 308.146 is amended to read:

5 308.146. (1) The maximum assessed value of property shall equal 103 percent of the property's
6 assessed value from the prior year or 100 percent of the property's maximum assessed value from
7 the prior year, whichever is greater.

8 (2) Except as provided in subsections (3) and (4) of this section, the assessed value of property
9 to which this section applies shall equal the lesser of:

10 (a) The property's maximum assessed value; or

11 (b) The property's real market value.

12 (3) Notwithstanding subsections (1) and (2) of this section, the maximum assessed value and as-
13 sessed value of property shall be determined as provided in ORS 308.149 to 308.166 if:

14 (a) The property is new property or new improvements to property;

15 (b) The property is partitioned or subdivided;

16 (c) The property is rezoned and used consistently with the rezoning;

17 (d) The property is first taken into account as omitted property;

18 (e) The property becomes disqualified from exemption, partial exemption or special assessment;

19 or

20 (f) A lot line adjustment is made with respect to the property, except that the total assessed
21 value of all property affected by a lot line adjustment shall not exceed the total maximum assessed
22 value of the affected property under subsection (1) of this section.

23 (4) Notwithstanding subsections (1) and (2) of this section, if property is subject to partial ex-
24 emption or special assessment, the property's maximum assessed value and assessed value shall be
25 determined as provided under the provisions of law governing the partial exemption or special as-
26 sessment.

27 (5)(a) Notwithstanding subsection (1) of this section, when a portion of property is destroyed or
28 damaged due to fire or act of God, for the year in which the destruction or damage is reflected by
29 a reduction in real market value, the maximum assessed value of the property shall be reduced to
30 reflect the loss from fire or act of God.

31 (b) This subsection does not apply:

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 (A) To any property that is assessed under ORS 308.505 to 308.665.

2 (B) If the damaged or destroyed property is property that, when added to the assessment and
3 tax roll, constituted minor construction for which no adjustment to maximum assessed value was
4 made.

5 (c) As used in this subsection, “minor construction” has the meaning given that term in ORS
6 308.149.

7 (6)(a) If, during the period beginning on January 1 and ending on July 1 of an assessment year,
8 any real or personal property is destroyed or damaged, the owner or purchaser under a recorded
9 instrument of sale in the case of real property, or the person assessed, person in possession or owner
10 in the case of personal property, may apply to the county assessor to have the real market and as-
11 sessed value of the property determined as of July 1 of the current assessment year.

12 (b) The person described in paragraph (a) of this subsection shall file an application for assess-
13 ment under this section with the county assessor on or before August 1 of the current year.

14 (c) If the conditions described in this subsection are applicable to the property, then
15 notwithstanding ORS 308.210, the property shall be assessed as of July 1, at 1:00 a.m. of the as-
16 sessment year, in the manner otherwise provided by law.

17 (7)(a) Paragraph (b) of this subsection applies if:

18 (A) A conservation easement or highway scenic preservation easement is in effect on the as-
19 sessment date;

20 (B) The tax year is the first tax year in which the conservation easement or highway scenic
21 preservation easement is taken into account in determining the property’s assessed value; and

22 (C) A report has been issued by the county assessor under ORS 271.729 within 12 months pre-
23 ceding or following the date the easement was recorded.

24 (b) The assessed value of the property shall be as determined in the report issued under ORS
25 271.729, but may be further adjusted by changes in value as a result of any of the factors described
26 in ORS 309.115 (2), to the extent adjustments do not cause the assessed value of the property to
27 exceed the property’s maximum assessed value.

28 **(8)(a) Notwithstanding subsection (1) of this section, when a building is demolished or**
29 **removed from property, for the year in which the demolition or removal of the building**
30 **is reflected by a reduction in real market value, the maximum assessed value of the property**
31 **shall be reduced to reflect the demolition or removal of the building.**

32 **(b) This subsection does not apply:**

33 **(A) To any property that is assessed under ORS 308.505 to 308.665.**

34 **(B) If the demolished or removed property is property that, when added to the assess-**
35 **ment and tax roll, constituted minor construction for which no adjustment to maximum as-**
36 **essed value was made.**

37 **(c) As used in this subsection, “minor construction” has the meaning given that term in**
38 **ORS 308.149.**

39 **SECTION 2.** ORS 308.153 is amended to read:

40 308.153. (1) If new property is added to the assessment roll or improvements are made to prop-
41 erty as of January 1 of the assessment year, the maximum assessed value of the property shall be
42 the sum of:

43 (a) The maximum assessed value determined under ORS 308.146; and

44 (b) The product of the value of the new property or new improvements determined under sub-
45 section (2)(a) of this section multiplied by the ratio, not greater than 1.00, of the average maximum

1 assessed value over the average real market value for the assessment year.

2 (2)(a) The value of new property or new improvements shall equal the real market value of the
 3 new property or new improvements reduced (but not below zero) by the real market value of re-
 4 tirements from the property tax account.

5 (b) If the maximum assessed value of property is adjusted for fire or act of God **or for**
 6 **demolishment or removal of a building under ORS 308.146**, the reduction in real market value
 7 due to fire or act of God **or demolishment or removal of the building** may not be considered to
 8 be a retirement under this subsection.

9 (3) The property's assessed value for the year shall equal the lesser of:

10 (a) The property's maximum assessed value; or

11 (b) The property's real market value.

12 **SECTION 3.** ORS 311.234 is amended to read:

13 311.234. (1) Notwithstanding ORS 311.205 (1)(b), the current owner of property or other person
 14 obligated to pay taxes imposed on property may petition the county assessor for a correction in the
 15 maximum assessed value of the property for the current tax year, **including but not limited to a**
 16 **correction in the maximum assessed value of the property for demolishment or removal of**
 17 **a building in the current tax year.**

18 (2) Pursuant to a petition filed under this section, the assessor may correct the maximum as-
 19 sessed value of the property for the current tax year if there is a demonstrated difference between
 20 the actual square footage of the property as of the assessment date for the current tax year and the
 21 square footage of the property as shown in the records of the assessor for the tax year.

22 (3) The correction made under this section may not be proportionally different from the pro-
 23 portional difference between the original square footage of the property as shown in the assessor's
 24 records and the actual square footage of the property as of the assessment date for the current tax
 25 year.

26 (4) Notwithstanding subsection (3) of this section, the correction made under this section may
 27 not cause the maximum assessed value of the property to increase by more than three percent from
 28 the maximum assessed value of the property for the preceding tax year.

29 (5) A petition filed under this section must be on the form and contain the information pre-
 30 scribed by the Department of Revenue and must be filed with the county assessor on or before De-
 31 cember 31 of the current tax year.

32 (6) A decision by the assessor pursuant to a petition filed under this section may be appealed
 33 under ORS 305.275.

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