

**A-Engrossed**  
**Senate Bill 777**

Ordered by the Senate April 26  
Including Senate Amendments dated April 26

Sponsored by Senator CARTER

**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.

Extends sunset date for rehabilitated property tax abatement program to January 1, [2020] **2017**. Provides that rehabilitation improvements must be completed within two years of initial application.

**A BILL FOR AN ACT**

1  
2 Relating to rehabilitated property tax abatements; amending ORS 308.450, 308.462, 308.471, 308.477  
3 and 308.481.

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

5 **SECTION 1.** ORS 308.450 is amended to read:

6 308.450. As used in ORS 308.450 to 308.481:

7 (1) "Distressed area" means a primarily residential area of a county or city that is designated  
8 as a distressed area by the county or city because the area is detrimental to the safety, health and  
9 welfare of the community due to the following factors:

10 (a) Deterioration;

11 (b) Inadequate or improper facilities;

12 (c) The existence of unsafe or abandoned structures, including but not limited to a significant  
13 number of vacant or abandoned single or multifamily residential units; or

14 (d) Any combination of these or similar factors.

15 (2) "Governing body" means the city or county legislative body having jurisdiction over the  
16 property for which a limited assessment may be applied for under ORS 308.450 to 308.481.

17 (3) "Rehabilitated residential property" means land and the improvements thereon:

18 (a) That are either single or multifamily residential units or are not residential units but that  
19 will become residential units through rehabilitation improvements;

20 (b) That fail to comply with one or more standards of the state or local building or housing  
21 codes applicable at the time the application is filed;

22 (c)(A) That are not less than 25 years of age on January 1, [1986] **in the year the application**  
23 **is filed with the governing body**, and on which sums have been expended after September 13, 1975,  
24 and prior to [January 1, 2008] **January 1, 2017**, for the purpose of making rehabilitation improve-  
25 ments, and which sums in the aggregate equal or exceed five percent of the assessed value of the  
26 land and improvements thereon as reflected in the last certified assessment roll next preceding the  
27 date on which the application for limited assessment is filed with the governing body pursuant to  
28 ORS 308.462; or

**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 (B) On which, regardless of the age of the residential property, sums have been expended or the  
2 renovation completed after October 3, 1989, and prior to [*January 1, 2008*] **January 1, 2017**, for the  
3 purpose of making rehabilitation improvements, and which sums in the aggregate equal or exceed  
4 50 percent of the assessed value of the land and improvements thereon as reflected in the last cer-  
5 tified assessment roll next preceding the date on which the applications for limited assessment is  
6 filed with the governing body pursuant to ORS 308.462;

7 (d) In which at least 50 percent of accommodations are for residential use and not for transient  
8 occupancy; [*and*]

9 (e) If owner-occupied, that are located within a distressed area[.]; **and**

10 **(f) For which an application is filed with the governing body prior to January 1, 2015.**

11 (4) "Rehabilitation improvements" means modifications to existing structures that are made to  
12 achieve a condition of substantial compliance.

13 (5) "Substantial compliance" means compliance with local building or housing code require-  
14 ments. It does not mean that all heating, plumbing and electrical systems must be replaced with  
15 systems meeting current standards for new construction, notwithstanding that the cost of rehabili-  
16 tation may exceed 50 percent of the value of the structure before rehabilitation.

17 **SECTION 2.** ORS 308.462 is amended to read:

18 308.462. To qualify for the limited assessment provided by ORS 308.450 to 308.481, the owner  
19 shall:

20 (1) Prior to commencement of rehabilitation improvements, secure from the governing body or  
21 its duly authorized agent, verification of noncompliance with code as described in ORS 308.450 (3)(b);

22 (2) File an agreement with the governing body, where required by the governing body, between  
23 the owner and the governing body to negotiate rental rates to be charged for the rehabilitated  
24 rental units during the period of the limited assessment; [*and*]

25 (3) **Prior to commencement of rehabilitation improvements**, file an application for limited  
26 assessment with the governing body that contains any information the governing body deems nec-  
27 essary to determine whether the property qualifies for limited assessment[.]; **and**

28 **(4) Complete rehabilitation improvements within two years of approval of the application**  
29 **for limited assessment filed under this section.**

30 **SECTION 3.** ORS 308.471 is amended to read:

31 308.471. (1) Upon completion of the rehabilitation improvements for which an application for  
32 limited assessment filed under ORS 308.462 has been approved, the owner shall, if appropriate, file  
33 with the governing body the following:

34 (a) A statement of rents charged for each rental unit for the 12-month period preceding the  
35 commencement of rehabilitation improvements, if an agreement has been filed under ORS 308.462 (2);

36 (b) A statement of the amount of rehabilitation expenditures made with respect to each unit and  
37 the composite expenditures made in the rehabilitation of the entire property; [*and*]

38 **(c) A copy of all final building permits and clearances issued by the appropriate govern-**  
39 **ment agency; and**

40 [*(c)*] **(d)** A statement that the rehabilitation improvements or to the owner's property qualify  
41 such property for limited assessment under ORS 308.450 to 308.481.

42 (2) Within 30 days after receipt of the statements required by subsection (1) of this section, the  
43 governing body shall determine whether or not the owner's property is qualified for limited assess-  
44 ment under ORS 308.450 to 308.481.

45 (3) If [*the rehabilitation was completed within two years of the date the application for limited as-*

1 *assessment was filed under ORS 308.462 and]* the governing body determines that the owner's property  
 2 is qualified for limited assessment under ORS 308.450 to 308.481, the governing body shall file the  
 3 certificate of qualification required by ORS 308.466 with the county assessor within 10 days after  
 4 the expiration of the 30-day period provided by subsection (2) of this section.

5 (4) If the governing body determines that [*rehabilitation was not completed within two years of*  
 6 *the application date or that]* the owner's property is [*otherwise*] not qualified for limited assessment  
 7 under ORS 308.450 to 308.481, the governing body or its agent shall state in writing reasons why the  
 8 property is not qualified and send such writing to the owner within 10 days after the determination.

9 (5) An owner may appeal an adverse determination by the governing body to the governing body  
 10 within 30 days after receipt of the writing required by subsection (4) of this section. If the governing  
 11 body rejects the appeal, the owner may appeal to the circuit court, and from the decision of the  
 12 circuit court to the Court of Appeals, as provided by law.

13 **SECTION 4.** ORS 308.477 is amended to read:

14 308.477. (1) Except as provided in ORS 308.479, if, after a certificate of qualification has been  
 15 filed with the county assessor under ORS 308.466, the governing body finds that the rehabilitation  
 16 improvements were not completed on or before [*January 1, 2008*] **January 1, 2017**, or that any pro-  
 17 vision of ORS 308.450 to 308.481 is not being complied with, or any provision required by the gov-  
 18 erning body pursuant to ORS 308.450 to 308.481 is not being complied with, it shall give notice in  
 19 writing to the owner, mailed to the owner's last-known address, of the proposed termination of the  
 20 limited assessment. The notice shall state the reasons for the proposed termination and shall require  
 21 the owner to appear at a specified time, not less than 20 days after mailing the notice, to show  
 22 cause, if any, why the limited assessment should not be terminated.

23 (2) If the owner does not appear or appears and fails to show cause why the limited assessment  
 24 should not be terminated, the governing body shall terminate the limited assessment. A copy of the  
 25 termination shall be filed with the county assessor and a copy sent to the owner at the owner's  
 26 last-known address, within 10 days after its adoption.

27 (3) The owner may appeal the termination to the circuit court, and from the decision of the  
 28 circuit court to the Court of Appeals, as provided by law.

29 (4) If no appeal is taken as provided in subsection (3) of this section, or upon final adjudication,  
 30 the county officials having possession of the assessment and tax rolls shall correct the rolls in the  
 31 manner provided for omitted property under ORS 311.216 to 311.232 to provide for the assessment  
 32 and taxation of any value not included in the valuation of the rehabilitation improvements during  
 33 the period of limited assessment prior to termination by the governing body or by a court, in ac-  
 34 cordance with the findings of the governing body or the court as to the assessment year in which  
 35 the limited assessment is to terminate. The county assessor shall make the valuation of the property  
 36 necessary to permit correction of the rolls, and the owner may appeal the valuation in the manner  
 37 provided under ORS 311.216 to 311.232. Where there has been a failure to comply, as provided in  
 38 subsection (1) of this section, the property shall be revalued beginning January 1 of the assessment  
 39 year in which the noncompliance first occurred. Any additional taxes becoming due shall be payable  
 40 without interest if paid in the period prior to the 16th day of the month next following the month  
 41 of correction. If not paid within such period, the additional taxes shall thereafter be considered  
 42 delinquent on the date they would normally have become delinquent if timely extended on the roll  
 43 or rolls in the year or years for which the correction was made.

44 **SECTION 5.** ORS 308.481 is amended to read:

45 308.481. Notwithstanding any provision of ORS 308.477, if the governing body finds that the re-

1 habilitation improvements were not completed by [*January 1, 2008*] **January 1, 2017**, due to cir-  
2 cumstances beyond the control of the owner, and that the owner had been acting and could  
3 reasonably be expected to act in good faith and with due diligence, the governing body may extend  
4 the deadline for completion for a period not to exceed 12 consecutive months.

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