

Senate Bill 816

Sponsored by COMMITTEE ON FINANCE AND REVENUE

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**.

Provides that property held by exempt entity that is subleased to another exempt entity is exempt from taxation.

A BILL FOR AN ACT

1
2 Relating to taxation; amending ORS 307.112.

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

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

5 307.112. (1) Real or personal property of a taxable owner held under lease or lease-purchase
6 agreement by an institution, organization or public body, other than the State of Oregon, granted
7 exemption or the right to claim exemption for any of its property under ORS 307.090, 307.130,
8 307.136, 307.140, 307.145 or 307.147, is exempt from taxation if:

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

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

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

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

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

19 (c) A true copy of the lease or lease-purchase agreement covering the property for which ex-
20 emption is claimed.

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

22 (3) If the assessor is not satisfied that the rent stated in the lease or lease-purchase agreement
23 has been established to reflect the savings below market rent resulting from the tax exemption, be-
24 fore the exemption may be granted the lessor shall provide documentary proof, as specified by rule
25 of the Department of Revenue, that the rent has been established to reflect the savings below mar-
26 ket rent resulting from the tax exemption.

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

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

31 (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 or lease-purchase agreement. If the use changes, a new applica-
6 tion shall be filed as provided in this section. If the lease or lease-purchase agreement expires before
7 July 1 of any year, the exemption shall terminate as of January 1 of the same calendar year.

8 **(5) Real or personal property described in subsection (1) of this section that is subleased**
9 **to another institution, organization or public body, other than the State of Oregon, that**
10 **qualifies for an exemption for any of its property under ORS 307.090, 307.130, 307.136, 307.140,**
11 **307.145 or 307.147 is exempt from taxation if the requirements of this section are otherwise**
12 **met.**

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