

REVENUE: No revenue impact
FISCAL: Minimal fiscal impact

Action: Do Pass
Vote: 10-0-0
Yeas: Bailey, Bentz, Berger, Bruun, Gelser, Kahl, Read, Riley, Sprenger, Barnhart
Nays: 0
Exc.: 0
Prepared By: Chris Allanach, Economist
Meeting Dates: 2/18, 2/26

WHAT THE BILL DOES: Edits existing statute for clarity and codifies the Department of Housing and Community Services practice of financing loans that qualify lenders for the Oregon Affordable Housing Tax Credit with proceeds from tax exempt bonds.

ISSUES DISCUSSED:

- Program details for the Oregon Affordable Housing Tax Credit
- Federally subsidized housing projects
- Streamlining of financing law

EFFECT OF COMMITTEE AMENDMENTS: None

BACKGROUND: Currently, Housing and Community Services uses a variety of financing formulas to fund affordable housing projects. One such formula is coupling the proceeds of a tax exempt bond with a loan package that qualifies the lender for the Affordable Housing Tax Credit. In such cases, Housing and Community Services must get approval from the Department of Revenue to validate the financing package. Each project-specific approval adds to the expense of the bond sale with attorney fees from Bond Counsel as well as the Department of Justice (DOJ) acting for the Department of Revenue. This bill codifies the practice already permitted through legal opinion. The purpose of the bill is to reduce transaction costs by eliminating the requirement that Bond Counsel contact DOJ for an opinion on each package.

The original revenue impact statement indicated that there may be an impact. Upon gathering additional information it became clear that the bill simply codified current practices and would not result in the increased use of the tax credit. Consequently, there is no revenue impact.