

# House Bill 2700

Sponsored by Representative BERGER

## 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**.

Extends deadline for claiming property tax exemption by certain public and other exempt entities.

Permits retroactive claims for exemption.

Applies to prospective claims for exemption for tax years beginning on or after July 1, 2009, and retroactive claims for exemption for tax years beginning on or after July 1, 2004, and before July 1, 2009.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to claims for property tax exemption; creating new provisions; amending ORS 307.112,  
3 307.162 and 307.166; and prescribing an effective date.

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

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

6 307.112. (1) Real or personal property of a taxable owner held under lease, sublease or lease-  
7 purchase agreement by an institution, organization or public body, other than the State of Oregon,  
8 granted exemption or the right to claim exemption for any of its property under ORS 307.090,  
9 307.130, 307.136, 307.140, 307.145 or 307.147, is exempt from taxation if:

10 (a) The property is used by the lessee or, if the lessee is not in possession of the property, the  
11 entity in possession of the property in the manner, if any, required by law for the exemption of  
12 property owned, leased, subleased or being purchased by it; and

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

16 (2) **To obtain the exemption under this section**, the lessee or, if the lessee is not in possession  
17 of the property, the entity in possession of the property [*shall*] **must** file a claim for exemption with  
18 the county assessor, verified by the oath or affirmation of the president or other proper officer of  
19 the institution or organization, or head official of the public body or legally authorized delegate,  
20 showing:

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

22 (b) If applicable, all facts relating to the use of the property by the lessee or, if the lessee is  
23 not in possession of the property, all facts relating to the use of the property by the entity in pos-  
24 session of the property.

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

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

28 (3) If the assessor is not satisfied that the rent stated in the lease, sublease or lease-purchase

**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 agreement has been established to reflect the savings below market rent resulting from the tax ex-  
 2 emption, before the exemption may be granted the lessor *[shall]* **must** provide documentary proof,  
 3 as specified by rule of the Department of Revenue, that the rent has been established to reflect the  
 4 savings below market rent resulting from the tax exemption.

5 (4)(a) The claim *[shall]* **must** be filed on or before April 1 **preceding the tax year for which**  
 6 **the exemption is claimed**, except *[as follows]*:

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

10 (B) *[Notwithstanding that no hardship grounds exist,]* If a late filing fee is *[determined, paid and*  
 11 *distributed]* **paid** in the manner provided in ORS 307.162 (2), **as applicable and notwithstanding**  
 12 **the limitation of scope in ORS 307.162 (1)**, the claim *[shall]* **may** be filed on or before December  
 13 31 of the tax year for which exemption is first claimed.

14 (b) The exemption first *[shall apply]* **applies** for the tax year beginning July 1 of the year for  
 15 which the claim is filed. The exemption *[shall continue so]* **continues as** long as the use of the  
 16 property remains unchanged and during the period of the lease, sublease or lease-purchase agree-  
 17 ment. If the use changes, a new claim *[shall]* **must** be filed as provided in this section. If the use  
 18 changes due to sublease of the property or any portion of the property from the tax exempt entity  
 19 described in subsection (1) of this section to another tax exempt entity, the entity in possession of  
 20 the property *[shall]* **must** file a new claim for exemption as provided in this section. If the lease,  
 21 sublease or lease-purchase agreement expires before July 1 of any year, the exemption *[shall termi-*  
 22 *nate]* **terminates** as of January 1 of the same calendar year.

23 **SECTION 2.** ORS 307.162 is amended to read:

24 307.162. (1) Before any real or personal property may be exempted from taxation under ORS  
 25 307.115, 307.118, 307.130 to 307.140, 307.145, 307.147, 307.150, 307.160 or 307.580 for any tax year, the  
 26 institution or organization *[claiming]* **entitled to claim** the exemption *[shall]* **must** file a **claim** with  
 27 the county assessor, on or before April 1 *[of the assessment year, a statement]* **preceding the tax**  
 28 **year for which the exemption is claimed. The claim must contain statements** verified by the  
 29 oath or affirmation of the president or other proper officer of the institution or organization, listing  
 30 all real or personal property claimed to be exempt and showing the purpose for which such property  
 31 is used. However:

32 (a) If the ownership of all property included in the *[statement]* **claim** filed with the county  
 33 assessor for a prior year remains unchanged, a new *[statement shall not be]* **claim is not** required.

34 (b) When the property designated in the claim for exemption is acquired after March 1 and be-  
 35 fore July 1, the claim for that year *[shall]* **must** be filed within 30 days from the date of acquisition  
 36 of the property.

37 *[(c) As used in this subsection, "ownership" means legal and equitable title.]*

38 (2)(a) Notwithstanding subsection (1) of this section, a *[statement]* **claim** may be filed under this  
 39 section *[on or before December 31 of the assessment year for which exemption is first desired. However,*  
 40 *any statement filed after the time for filing the statement specified in subsection (1) of this section must*  
 41 *be]*:

42 (A) **On or before December 31 of the tax year for which the exemption is claimed, if the**  
 43 **claim is** accompanied by a late filing fee of the greater of \$200, or one-tenth of one percent of the  
 44 real market value **as of the most recent assessment date** of the property to which the *[statement*  
 45 *pertains, as determined for the assessment year by the assessor for this purpose]* **claim pertains.**

1       **(B) On or before April 1 of the tax year for which the exemption is claimed, if the claim**  
 2 **is accompanied by a late filing fee of \$200 and the claimant demonstrates good and sufficient**  
 3 **cause for failing to file a timely claim, is a first-time filer or is a public entity described in**  
 4 **ORS 307.090.**

5       **(b)** If the *[statement]* **claim** is not accompanied by the late filing fee or if the late filing fee is  
 6 not otherwise paid, *[no exemption shall]* **an exemption may not** be allowed for the tax year *[based*  
 7 *upon a statement]* **sought by the claim** filed pursuant to this subsection. A *[statement]* **claim** may  
 8 be filed under this *[section]* **subsection** notwithstanding that there are no grounds for hardship as  
 9 required for late filing under ORS 307.475.

10       **(c)** The value of the property used to determine the late filing fee under this *[section is]* **sub-**  
 11 **section and the determination of the county assessor relative to a claim of good and suffi-**  
 12 **cient cause are** appealable in the same manner as other acts of the county assessor.

13       **(d)** *[Any]* **A** filing fee collected under this *[section shall]* **subsection must** be deposited *[to]* **in**  
 14 the county general fund.

15       **(3) As used in this section:**

16       **(a) “First-time filer” means a claimant that:**

17       **(A) Has never filed a claim for the property that is the subject of the current claim; and**

18       **(B) Did not receive notice from the county assessor on or before December 1 of the tax**  
 19 **year for which exemption is claimed regarding the potential property tax liability of the**  
 20 **property.**

21       **(b)(A) “Good and sufficient cause” means an extraordinary circumstance beyond the**  
 22 **control of the taxpayer or the taxpayer’s agent or representative that causes the failure to**  
 23 **file a timely claim.**

24       **(B) “Good and sufficient cause” does not include hardship, reliance on misleading infor-**  
 25 **mation unless the information is provided by an authorized tax official in the course of the**  
 26 **official’s duties, lack of knowledge, oversight or inadvertence.**

27       **(c) “Ownership” means legal and equitable title.**

28       **[(3)(a)] (4)(a)** Notwithstanding subsection (1) of this section, if an institution or organization  
 29 owns property that is exempt from taxation under a provision of law listed in subsection (1) of this  
 30 section and fails to *[make]* **file** a timely *[application]* **claim** for exemption under subsection (1) of this  
 31 section for additions or improvements to the exempt property, the additions or improvements may  
 32 nevertheless qualify for exemption.

33       **(b)** The organization must file *[an application]* **a claim for exemption** with the county assessor  
 34 to have the additions or improvements to the exempt property be exempt from taxation. The *[appli-*  
 35 *cation shall]* **claim must:**

36       **(A)** Describe the additions or improvements to the exempt property;

37       **(B)** Describe the current use of the property that is the subject of the application;

38       **(C)** Identify the tax year and any preceding tax years for which the exemption is sought;

39       **(D)** Contain any other information required by the Department of Revenue; and

40       **(E)** Be accompanied by a late filing fee equal to the product of the number of tax years for  
 41 which exemption is sought multiplied by the greater of \$200 or one-tenth of one percent of the real  
 42 market value[,] as of the most recent assessment date[,] of the property that is the subject of the  
 43 *[application]* **claim.**

44       **(c)** Upon the county assessor’s receipt of a completed *[application]* **claim** and late filing fee, the  
 45 assessor shall determine *[if the property that is the subject of the application,]* for each tax year for

1 which exemption is sought[,] **whether the additions or improvements that are the subject of the**  
 2 **claim** would have qualified for exemption had a timely *[statement]* **claim** been filed under subsection  
 3 (1) of this section. Any property that would have qualified for exemption had a timely *[statement]*  
 4 **claim been filed** under subsection (1) of this section *[been filed shall be]* **is** exempt from taxation for  
 5 each tax year for which the property would have *[so]* qualified.

6 (d) *[An application]* **A claim** for exemption under this subsection may be filed only for tax years  
 7 for which the time for filing a *[statement]* **claim** under subsections (1) and (2) of this section has  
 8 expired. *[An application]* **A claim** filed under this subsection, however, may serve as the  
 9 *[statement]* **claim** required under subsection (1) of this section for the current *[assessment]* **tax** year.

10 (e) For each tax year for which an exemption granted pursuant to this subsection applies:

11 (A) Any tax, or interest attributable thereto, that was paid with respect to the property that is  
 12 declared exempt from taxation[, *shall*] **must** be refunded. Refunds *[shall]* **must** be made from the  
 13 unsegregated tax collections account established under ORS 311.385.

14 (B) Any tax, or interest attributable thereto, that remains unpaid as of the date the exemption  
 15 is granted[, *shall*] **must** be abated.

16 (f) A late filing fee collected under this subsection *[shall]* **must** be deposited in the county  
 17 general fund.

18 *[(4)]* **(5)** If an institution or organization owns property that is exempt from taxation under a  
 19 provision of law listed in subsection (1) of this section and changes the use of the property to a use  
 20 that would not entitle the property to exemption from taxation, the institution or organization  
 21 *[shall]* **must** notify the county assessor of the change to a taxable use within 30 days *[of the change*  
 22 *in use]*.

23 **SECTION 3.** ORS 307.166 is amended to read:

24 307.166. (1) If property is owned or being purchased by an institution, organization or public  
 25 body[, *and if the institution, organization or public body is one*] **that is** granted exemption or the  
 26 right to claim exemption for any of its property under a provision of law contained in this chapter,  
 27 and *[such]* **the** institution, organization or public body leases or otherwise grants the use and pos-  
 28 session of *[such]* **the** property to another institution, organization or public body **that is** likewise  
 29 granted exemption or the right to claim exemption for *[any of its]* property under a provision of law  
 30 contained in this chapter, *[such]* **the** property is exempt from taxation if used by the lessee or  
 31 possessor in the manner, if any, required by law for the exemption of property owned or being pur-  
 32 chased by the lessee or possessor and the rent payable under the lease or other grant of use and  
 33 possession of the property has been established to reflect the savings below market rent resulting  
 34 from the exemption from taxation. Likewise, if the property is sublet or otherwise the use and pos-  
 35 session of the property is granted to another institution, organization or public body of the kind  
 36 described in this subsection, *[such]* **the** property is exempt if *[the property is]* used by the sublessee  
 37 or possessor in the manner, if any, required by law for the exemption of property owned or being  
 38 purchased by the sublessee or possessor and the rent payable under the sublease or other grant of  
 39 use and possession of the property has been established to reflect the savings below market rent  
 40 resulting from the exemption from taxation.

41 **(2) To obtain the exemption under this section,** the lessee or entity in possession *[shall]*  
 42 **must** file a claim for exemption with the county assessor, verified by the oath or affirmation of the  
 43 president or other proper officer of the institution or organization, or head official of the public body  
 44 or the legally authorized delegate of the head official, showing:

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

1 (b) All facts relating to the ownership or purchase of the property.

2 (c) All facts relating to the use of the property by the lessee or entity in possession.

3 (d) A true copy of the lease, **sublease** or other *[agreement]* **grant of use and possession** cov-  
4 ering the property for which exemption is claimed.

5 (e) Any other information required by the claim form.

6 (3)(a) The claim *[shall]* **must** be filed on or before April 1 **preceding the tax year for which**  
7 **the exemption is claimed**, except *[as follows]*:

8 (A) If the lease, **sublease** or other *[agreement]* **grant of use and possession** is entered into  
9 after March 1 but not later than June 30, the claim *[shall]* **must** be filed within 30 days after the  
10 date the lease, **sublease** or **other** *[agreement]* **grant of use and possession** is entered into if **the**  
11 exemption is claimed for the assessment year beginning on *[that]* **the preceding** January 1; or

12 (B) *[Notwithstanding that no hardship grounds exist,]* If a late filing fee is *[determined, paid and*  
13 *distributed]* **paid** in the manner provided in ORS 307.162 (2), **as applicable and notwithstanding**  
14 **the limitation of scope in ORS 307.162 (1)**, the claim *[shall]* **may** be filed on or before December  
15 31 of the assessment year for which exemption is first claimed.

16 (b) The exemption first *[shall apply]* **applies** for the tax year beginning July 1 of the year for  
17 which the claim is filed. The exemption *[shall continue so]* **continues as** long as the ownership and  
18 use of the property remain unchanged and during the period of the lease *[or agreement]*, **sublease**  
19 **or other grant of use and possession**. If either the ownership or use changes, a new claim  
20 *[shall]* **must** be filed as provided in this section. If the lease *[or agreement]*, **sublease or other**  
21 **grant of use and possession** expires before July 1 of any year, the exemption *[shall terminate]*  
22 **terminates** as of January 1 of the same **calendar** year.

23 **SECTION 4. (1)(a) Notwithstanding the time periods set forth in ORS 307.112, 307.162 or**  
24 **307.166, for tax years beginning on or after July 1, 2004, and before July 1, 2009, an entity**  
25 **qualifying for exemption from property taxation under ORS 307.112, 307.162 or 307.166 may**  
26 **file a claim for exemption in writing with the county assessor, on forms supplied by the**  
27 **assessor, within 90 days of the effective date of this 2009 Act.**

28 (b) The claim for exemption must:

29 (A) **Contain the information and verification required for filing the claim for exemption;**  
30 **and**

31 (B)(i) **If the entity claiming the exemption is determined by the county assessor to dem-**  
32 **onstrate good and sufficient cause for failing to file a timely claim, be accompanied by a late**  
33 **filing fee of \$200; or**

34 (ii) **If the entity claiming the exemption is determined by the county assessor to have**  
35 **failed to demonstrate good and sufficient cause for failing to file a timely claim, be accom-**  
36 **panied by a late filing fee of the greater of \$200, or one-tenth of one percent of the real**  
37 **market value, as of the most recent assessment date, of the property to which the claim**  
38 **pertains.**

39 (c) **A claim for exemption for multiple tax years must specify the tax years for which the**  
40 **entity claims the exemption.**

41 (d) **As used in this subsection, “good and sufficient cause” has the meaning given that**  
42 **term in ORS 307.162.**

43 (2) **If taxes on the exempt value have been paid, the taxes must be refunded in the**  
44 **manner prescribed in subsection (3) of this section. If taxes on the exempt value have not**  
45 **been paid, the taxes and any interest thereon must be abated.**

1           **(3) The tax collector shall notify the governing body of the county of any refund required**  
2 **under this section. Upon receipt of notice from the tax collector, the governing body shall**  
3 **cause a refund of the taxes and any interest paid to be made from the unsegregated tax**  
4 **collections account described in ORS 311.385. The refund under this subsection shall be made**  
5 **without interest. The county assessor and tax collector shall make the necessary corrections**  
6 **in the records of their offices.**

7           **SECTION 5.** The amendments to ORS 307.112, 307.162 and 307.166 by sections 1 to 3 of this  
8 **2009 Act apply to tax years beginning on or after July 1, 2009.**

9           **SECTION 6.** This 2009 Act takes effect on the 91st day after the date on which the reg-  
10 **ular session of the Seventy-fifth Legislative Assembly adjourns sine die.**

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