

Senate Bill 192

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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**.

Creates historic property partial tax exemption. Requires property owners applying for historic property partial tax exemptions to submit and implement historic preservation plan for participating property. Establishes initial 15-year period of partial tax exemption after which property owners continue to receive partial tax exemption at lower percentage. Authorizes recertification for second period of partial tax exemption. Permits application for participation in historic property partial tax exemption until July 1, 2025.

Restricts second 15-year term of historic property special assessment to commercial historic properties and to residential historic properties located in areas where governing body has authorized second term for residential property. Reduces application fee for participation in historic property special assessment program.

Creates indeterminate period partial tax exemption for historic properties that have completed at least one 15-year period partial tax exemption.

Extends existing historic property special assessment program to July 1, 2025.

A BILL FOR AN ACT

1
2 Relating to historic property tax incentives; creating new provisions; amending ORS 93.040, 358.480,
3 358.482, 358.487, 358.499, 358.515, 358.525, 358.540, 358.541 and 358.545; and prescribing an ef-
4 fective date.

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

SECTION 1. As used in sections 1 to 9 of this 2009 Act:

6
7 (1) **"Certified historic property" means historic property that has been approved by the**
8 **State Historic Preservation Officer for participation in the historic property partial tax ex-**
9 **emption program.**

10 (2) **"Commercial historic property" means real property used in a trade or business or**
11 **real property held for the production of income, including multifamily residential rental**
12 **property.**

13 (3) **"Contributing resource" means a building, site or structure that adds to the historic**
14 **significance of a historic property or historic district.**

15 (4) **"Decertification" means disqualification, for ad valorem property tax purposes.**

16 (5) **"Governing body" means the city or county legislative body having jurisdiction over**
17 **the property that is subject of an application for historic property tax reduction under**
18 **sections 1 to 9 of this 2009 Act.**

19 (6) **"Historic property" means real property that:**

20 (a) **Is currently listed, either individually or as a contributing resource, in the National**
21 **Register of Historic Places established and maintained under the National Historic Preser-**
22 **vation Act of 1966 (P.L. 89-665) or, if the National Register of Historic Places ceases accept-**
23 **ing nominations, that is approved for listing on an Oregon register of historic places;**

24 (b) **Is currently a noncontributing resource in a listed National Register of Historic**

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 Places district or property that the State Historic Preservation Officer has determined will
2 be eligible to become a contributing resource; or

3 (c) Has been determined to be eligible for listing in the National Register of Historic
4 Places by the State Historic Preservation Officer.

5 (7) "Historic treatment standards" means the United States Secretary of the Interior's
6 Standards for the Treatment of Historic Properties as in effect on the effective date of this
7 2009 Act.

8 (8) "Maintenance" means action taken to mitigate wear and deterioration of a historic
9 property without altering the historic character of the property, including action taken to
10 protect and repair the condition of the property with the least possible impact on the historic
11 character of the property.

12 (9) "Noncontributing resource" means a building, site or structure that does not add to
13 the historic significance of a historic property or historic district.

14 (10) "Owner" means a purchaser of real property under a recorded instrument of sale.
15 In the case of multiple purchasers, "owner" may be the designee of the multiple purchasers.

16 (11) "Preservation":

17 (a) Means the act or process of applying measures necessary to sustain the existing form,
18 integrity and materials of a historic property, including but not limited to the ongoing
19 maintenance and repair of historic materials.

20 (b) Does not include the extensive replacement of historic materials.

21 (12) "Preservation plan" means a written document that outlines the maintenance,
22 preservation and rehabilitation work to be undertaken while the property is receiving his-
23 toric property partial tax exemption.

24 (13) "Rehabilitation" means the process of repairing or altering a historic property in
25 order to return the property to a state of utility in which an efficient contemporary use is
26 possible, while preserving those portions and features of the property that are significant to
27 the historic, architectural and cultural values of the property.

28 (14) "Seismic improvement" means construction or other measures that improve the
29 seismic performance or structural stability of property, or that reduce the potential for
30 heavy structural damage to property in the event of an earthquake.

31 **SECTION 2.** (1) An owner of historic property desiring historic property partial tax ex-
32 emption under sections 1 to 9 of this 2009 Act shall apply for certification of the property to
33 the State Historic Preservation Officer on forms approved by the State Historic Preservation
34 Officer. The application must include:

35 (a) A preservation plan;

36 (b) Payment of a nonrefundable application fee equal to one-tenth of one percent of the
37 assessed value of the historic property at the time of application;

38 (c) A copy of the current tax assessment statement for the historic property;

39 (d) Written consent of the owner to the inspection of the property by the State Historic
40 Preservation Officer or designee of the State Historic Preservation Officer; and

41 (e) The signature of the owner.

42 (2) A preservation plan included in an application made under this section:

43 (a) Shall focus on exterior features of the historic property, especially those visible from
44 the public way, and structural members;

45 (b) May include treatment of interior features that the State Historic Preservation Offi-

1 cer has determined are historically significant;

2 (c) May include photographs and drawings; and

3 (d) Need not include planned work in bathrooms, kitchens, basements and attics, unless
4 specifically required by the State Historic Preservation Officer.

5 (3) An application made under this section must be made during the calendar year pre-
6 ceding the first property tax year for which historic property partial tax exemption is de-
7 sired.

8 (4)(a) The State Historic Preservation Officer shall conduct an initial review of an appli-
9 cation made under this section to determine whether the application meets the application
10 requirements of this section.

11 (b) Upon initial review of the application, if the State Historic Preservation Officer de-
12 termines that an application:

13 (A) Meets the application requirements of this section, the State Historic Preservation
14 Officer shall mail or deliver notice of the application to the county assessor and the gov-
15 erning body. The notice must include a copy of the application. The county assessor and
16 governing body may submit comments on the validity and appropriateness of the application
17 to the State Historic Preservation Officer at any time within 30 days from the date the notice
18 is mailed or delivered. The State Historic Preservation Officer shall consider comments of
19 the county assessor and governing body in making a determination under paragraph (c) of
20 this subsection.

21 (B) Fails to meet the application requirements of this section, the State Historic Pres-
22 ervation Officer shall notify the owner that the application has been rejected.

23 (c) On or after the 31st day after the notice is mailed or delivered to the assessor and
24 the governing body under paragraph (b)(A) of this subsection, the State Historic Preservation
25 Officer shall approve, approve with conditions or deny the application for certification.

26 (5) A property may be approved for certification if the State Historic Preservation Officer
27 determines that:

28 (a) All work proposed in the preservation plan meets historic treatment standards; and

29 (b) The property is a historic property. The State Historic Preservation Officer may ap-
30 prove a noncontributing resource as a historic property if the State Historic Preservation
31 Officer determines that:

32 (A) The property will be eligible to become a contributing resource as a result of the
33 work outlined in the preservation plan; or

34 (B) The property is eligible for listing in the National Register of Historic Places.

35 (6) State Historic Preservation Officer approval of the application under subsection (4)(c)
36 of this section constitutes certification for the historic property partial tax exemption.

37 (7) The State Historic Preservation Officer may not deny the application under sub-
38 section (4)(c) of this section solely because of the loss of revenue that may result from ap-
39 proval of the application.

40 (8) If the State Historic Preservation Officer denies an application under subsection (4)(c)
41 of this section, the State Historic Preservation Officer shall give written notice of the denial
42 to the owner. The notice shall state the reasons for denial.

43 (9) A historic property is not eligible for certification under this section if the property
44 has completed a 15-year period of historic property partial tax exemption described in section
45 5 of this 2009 Act.

1 **SECTION 3.** (1) Immediately upon certification of a property under section 2 of this 2009
 2 Act, the State Historic Preservation Officer shall:

3 (a) Record a notice with the county clerk in the county in which the certified historic
 4 property is located stating that the property is certified to receive historic property partial
 5 tax exemption.

6 (b) Notify the Department of Revenue, the county assessor, the governing body and the
 7 owner that the property is certified. Notice shall be given under this paragraph no later than
 8 September 15 of the tax year for which the property is first certified for historic property
 9 partial tax exemption.

10 (c) Provide the owner of the certified historic property with a plaque that includes the
 11 historic name of the property, the date of construction and language that identifies the
 12 property as a certified historic property.

13 (d) Deposit the application fee into the Oregon Property Management Account estab-
 14 lished in ORS 358.690. Application fee revenue deposited under this section into the Oregon
 15 Property Management Account shall be used to:

16 (A) Support programs and projects that benefit historic preservation efforts throughout
 17 the state; and

18 (B) Pay costs of the State Historic Preservation Officer associated with the adminis-
 19 tration of sections 1 to 9 of this 2009 Act, including, but not limited to, the purchase of
 20 plaques and the payment of fees for recording notices of participation.

21 (2) The owner of certified historic property shall install the plaque furnished under this
 22 section on the property in a location that is visible from a public right of way.

23 **SECTION 4.** (1) Before commencing work on any activities described in the preservation
 24 plan submitted under section 2 of this 2009 Act, or before commencing work that may affect
 25 historic features of the property, owners of certified historic property shall apply for and
 26 must receive written approval for the work.

27 (2) Application under this section shall be made to the State Historic Preservation Officer
 28 or to the governing body if all of the following conditions are met:

29 (a) The governing body has adopted a historic preservation ordinance and review process
 30 under which the certified historic property is already regulated;

31 (b) The proposed work requires historic review by the governing body's historic preser-
 32 vation ordinance and review process; and

33 (c) The governing body has not requested that the State Historic Preservation Officer
 34 approve work on historic properties.

35 (3) If approval is required from the governing body, the governing body shall notify the
 36 State Historic Preservation Officer of the proposed work. The governing body shall allow at
 37 least 14 days for the State Historic Preservation Officer to comment on the proposed work.

38 (4) An owner shall submit written reports to the State Historic Preservation Officer in
 39 a form prescribed by the State Historic Preservation Officer on or before December 31 of the
 40 5th, 10th and 14th years of a 15-year historic property partial tax exemption period described
 41 in section 5 of this 2009 Act.

42 (5) The State Historic Preservation Officer may conduct an on-site inspection of a certi-
 43 fied historic property, with or without cause, upon 30-day notice.

44 **SECTION 5.** (1) Historic property certified under sections 1 to 9 of this 2009 Act is par-
 45 tially exempt from ad valorem property taxation according to the following schedule:

1 (a) For the first tax year in which the property is certified under section 2 of this 2009
2 Act or recertified under section 7 of this 2009 Act and for the next 14 consecutive tax years:

3 (A) If the property is a residential historic property, the assessed value of the property
4 shall equal 60 percent of the maximum assessed value of the property.

5 (B) If the property is a commercial historic property, the assessed value of the property
6 shall equal 50 percent of the maximum assessed value of the property.

7 (b) For the first tax year succeeding a 15-year period described in paragraph (a) of this
8 subsection, the property shall be disqualified from partial exemption under paragraph (a) of
9 this subsection. Notwithstanding any other provision of law, additional taxes may not be
10 imposed for a disqualification occurring under this paragraph.

11 (2) Upon completion of the 15-year period after initial certification, if the property is not
12 recertified under section 7 of this 2009 Act, or upon completion of a 15-year period after re-
13 certification, the State Historic Preservation Officer shall notify the owner, the governing
14 body and the county assessor that the historic property is disqualified. The notice shall ex-
15 plain the options of the owner to:

16 (a) Seek recertification under section 7 of this 2009 Act for a single 15-year period after
17 initial certification; or

18 (b) Seek indeterminate partial tax exemption under section 7a of this 2009 Act.

19 **SECTION 6.** (1) Properties may be decertified and removed from the historic property
20 partial tax exemption program during a 15-year period described in section 5 or 7 of this 2009
21 Act if:

22 (a) The owner submits a written request to the State Historic Preservation Officer for
23 removal from the program;

24 (b) The State Historic Preservation Officer determines that the owner has failed to
25 maintain, preserve or rehabilitate the property in accordance with historic treatment stan-
26 dards;

27 (c) The owner fails to submit the reports required under section 4 (4) of this 2009 Act;

28 (d) The property is classified and specially assessed under ORS 358.480 to 358.545;

29 (e) The owner demolishes or substantially alters the property in a manner that does not
30 meet historic treatment standards;

31 (f) The owner fails to obtain written approval required under section 4 of this 2009 Act;
32 or

33 (g) The property is destroyed or substantially altered by acts of nature or other events
34 for which the owner is not responsible.

35 (2) Sale or transfer to a new owner does not decertify or remove the property from the
36 program as long as the property is not otherwise eligible for decertification and removal
37 under this section.

38 (3)(a) For the first tax year following the date of decertification and each succeeding tax
39 year, the property shall be assessed and taxed as other property similarly situated is as-
40 sessed and taxed; and

41 (b) Notwithstanding ORS 311.235, there shall be added to the general property tax roll for
42 the tax year next following the decertification, to be collected and distributed in the same
43 manner as other real property tax, an amount equal to the amount of tax that would have
44 been due on the property had the property not been partially exempt under section 5 or 7
45 of this 2009 Act for each of the years during which the property was partially exempt under

1 section 5 or 7 of this 2009 Act.

2 (4) The assessment and tax rolls shall show “potential additional tax liability” for each
3 property granted partial exemption under section 5 or 7 of this 2009 Act.

4 (5) No additional taxes shall be imposed under subsection (3) of this section if the prop-
5 erty becomes disqualified for partial exemption because the property is destroyed by acts of
6 nature or other events for which the owner is not responsible.

7 (6) Additional taxes collected under this section shall be deemed to have been imposed in
8 the year to which the additional taxes relate.

9 **SECTION 7.** (1)(a) An owner of a certified historic property may apply for recertification
10 for historic property partial tax exemption by submitting an application for recertification
11 that meets all application requirements for initial certification under section 2 of this 2009
12 Act, together with a preservation plan that outlines substantial work to the property that:

13 (A) Promotes compliance with the Americans with Disabilities Act of 1990 (P.L. 101-336);

14 (B) Results in seismic improvements; or

15 (C) Results in improvements in energy conservation or sustainability.

16 (b) Notwithstanding paragraph (a) of this subsection, the owner of residential certified
17 historic property may not apply for recertification under this section if the governing body
18 has adopted a resolution or ordinance prohibiting residential historic properties from recer-
19 tification.

20 (2) Upon receipt of a completed application for recertification, the State Historic Pres-
21 ervation Officer may approve the application if the State Historic Preservation Officer de-
22 termines that all work outlined in the preservation plan submitted for recertification meets
23 historic treatment standards and that the property is a historic property or is eligible to
24 become a contributing resource as a result of the work outlined in the preservation plan.

25 (3) State Historic Preservation Officer approval of the application for recertification
26 constitutes recertification for the historic property partial tax exemption. Application fees
27 for recertification are nonrefundable.

28 (4) If the State Historic Preservation Officer approves an application for recertification
29 under this section, the State Historic Preservation Officer shall:

30 (a) Notify the Department of Revenue, the county assessor, the governing body and the
31 owner that the property is recertified. Notice shall be given under this paragraph no later
32 than September 15 of the tax year to which the recertification applies.

33 (b) Deposit the application fee into the Oregon Property Management Account estab-
34 lished in ORS 358.690. Application fee revenue deposited under this section into the Oregon
35 Property Management Account shall be used for the purposes described in section 3 (1)(d)
36 of this 2009 Act.

37 (5)(a) A certified historic property recertified under this section shall receive a second
38 15-year period of partial tax exemption according to the schedule set forth in section 5 (1)
39 of this 2009 Act.

40 (b) Upon recertification, a certified historic property is disqualified from initial historic
41 property partial tax exemption and requalified for a second historic property partial tax ex-
42emption under section 5 (1) of this 2009 Act.

43 (6) Historic properties are not eligible for recertification under this section if the prop-
44 erty:

45 (a) Has completed two terms of historic property special assessment under ORS 358.480

1 to 358.545;

2 (b) Has completed two 15-year periods of historic property partial tax exemption de-
 3 scribed in section 5 of this 2009 Act; or

4 (c) Has completed one term of historic property special assessment and one 15-year pe-
 5 riod of historic property partial tax exemption.

6 (7) The State Historic Preservation Officer may not deny an application for recertif-
 7 ication solely because of the loss of revenue that may result from approval of the application.

8 (8)(a) If the State Historic Preservation Officer denies an application for recertification
 9 under this section, the State Historic Preservation Officer shall give written notice of denial
 10 of recertification to the owner. The notice shall state the reasons for the denial.

11 (b) If a certified historic property is denied recertification and is not otherwise disquali-
 12 fied from historic property partial tax exemption under section 6 of this 2009 Act, the owner
 13 may apply for indeterminate historic property classification under section 7a of this 2009 Act.

14 (9) Upon completion of a second 15-year term of partial exemption under this section, the
 15 property shall be disqualified from partial exemption under this section. Notwithstanding any
 16 other provision of law, additional taxes may not be imposed for a disqualification that occurs
 17 under this subsection. Following disqualification under this subsection, the owner may apply
 18 for an indeterminate period partial exemption under section 7a of this 2009 Act.

19 **SECTION 7a.** (1) An owner who has completed one or more terms of historic property
 20 partial tax exemption under section 5 or 7 of this 2009 Act may apply to the State Historic
 21 Preservation Officer for indeterminate historic property partial tax exemption under this
 22 section. The application shall be on such form as is prescribed by the State Historic Preser-
 23 vation Officer and shall contain such information as is required by the State Historic Pres-
 24 ervation Officer.

25 (2) The State Historic Preservation Officer shall grant the partial exemption if the prop-
 26 erty was not disqualified from historic property partial tax exemption under section 5 or 7
 27 of this 2009 Act during the entire 15-year term of partial exemption and was only disqualified
 28 by reason of section 5 (2) or 7 (8)(b) of this 2009 Act.

29 (3) The percentage of the property that is the subject of the application that is exempt
 30 from property tax for each year shall equal the difference between the assessed value of the
 31 property as determined without regard to any partial tax exemption or special assessment
 32 law other than sections 1 to 9 of this 2009 Act and the assessed value of the property as de-
 33 termined without regard to any exemption or special assessment law.

34 (4) Property may be decertified and removed from the indeterminate partial exemption
 35 if:

36 (a) The owner submits a written request to the State Historic Preservation Officer for
 37 removal from the program;

38 (b) The State Historic Preservation Officer determines that the owner has failed to
 39 maintain, preserve or rehabilitate the property in accordance with historic treatment stan-
 40 dards;

41 (c) The property is classified as historic property for special assessment under ORS
 42 358.480 to 358.545;

43 (d) The owner demolishes or substantially alters the property in a manner that does not
 44 meet historic property treatment standards; or

45 (e) The property is destroyed or substantially altered by acts of nature or other events

1 for which the owner is not responsible.

2 (5) Additional taxes may not be imposed if property is disqualified from the partial ex-
3 emption under this section.

4 **SECTION 8.** (1) Any owner, governing body or county assessor affected by a determi-
5 nation of the State Historic Preservation Officer made under sections 1 to 9 of this 2009 Act
6 may appeal the determination to the Historic Assessment Review Committee established in
7 ORS 358.511.

8 (2) Any owner, governing body or county assessor affected by a determination of the
9 Historic Assessment Review Committee under subsection (1) of this section may request a
10 contested case hearing according to the provisions of ORS chapter 183. After a contested
11 case hearing has been held, the administrative law judge shall determine the final order in
12 the case.

13 (3) Any owner or county assessor affected by a determination of a governing body may
14 appeal through the governing body's appeal process.

15 **SECTION 9.** (1) The Department of Revenue, in consultation with the State Historic
16 Preservation Officer, shall adopt rules within the department's area of expertise that are
17 necessary for the implementation of the historic property partial tax exemption program
18 under sections 1 to 9 of this 2009 Act.

19 (2) The State Historic Preservation Officer shall adopt rules as necessary to carry out
20 the purposes of sections 1 to 9 of this 2009 Act.

21 **SECTION 10.** ORS 358.487 is amended to read:

22 358.487. (1)(a) An owner of historic property desiring classification and special assessment under
23 ORS 358.480 to 358.545 for the property may make application for the classification and special as-
24 sessment to the State Historic Preservation Officer on forms approved by the State Historic Pres-
25 ervation Officer. The forms shall include or be accompanied by the written consent of the owner to
26 the viewing of the property by the State Historic Preservation Officer. Any application made under
27 this subsection shall include a preservation plan and be sent by the State Historic Preservation
28 Officer to the appropriate county assessor, local landmark commission and governing body. An ap-
29 plication must be made during the calendar year preceding the first property tax year for which
30 classification and special assessment as historic property is desired.

31 (b) Classification and special assessment pursuant to an application made under this subsection
32 shall be granted only for 15 consecutive property tax years, commencing in the tax year beginning
33 on the July 1 following the calendar year in which the application was made.

34 (2)(a) An owner may make preliminary application for classification of property as historic upon
35 approval by the State Advisory Committee on Historic Preservation of the nomination of the prop-
36 erty for listing on the National Register of Historic Places or, if the National Register of Historic
37 Places ceases accepting nominations, the nomination of the property for listing on an Oregon reg-
38 ister of historic places.

39 (b) The preliminary application shall be considered an application made or received for purposes
40 of subsection (1) of this section if, by September 15 of the year for which classification and special
41 assessment are first sought, the property is:

42 (A) Listed in the National Register of Historic Places; or

43 (B) If the National Register of Historic Places ceases accepting nominations, approved for listing
44 on an Oregon register of historic places.

45 (c) If the requirements of paragraph (b) of this subsection are not satisfied, the preliminary ap-

1 plication may not be considered an application made for purposes of subsection (1) of this section
 2 until the calendar year in which, as of September 15, the property is listed as described in paragraph
 3 (b) of this subsection.

4 (3) Immediately upon receipt of a copy of the application under subsection (1) of this section, the
 5 county assessor shall review the application for accuracy and completeness of description and other
 6 matters within the expertise of the county assessor and shall make recommendations regarding the
 7 classification to the State Historic Preservation Officer.

8 (4)[(a)] Immediately upon receipt of a copy of the application under subsection (1) of this section,
 9 the governing body shall review the application for matters relating to public benefit and shall make
 10 recommendations regarding the classification to the State Historic Preservation Officer.

11 [(b) *A governing body may exclude certain districts or properties from participation in the special*
 12 *assessment program under criteria established by the governing body. In adopting criteria, the gov-*
 13 *erning body shall consider whether a district is in economic distress and the value of the property in*
 14 *the district.*]

15 (5) By making application for classification and assessment under this section, the owner con-
 16 sents that the State Historic Preservation Officer has access to the property for inspection at rea-
 17 sonable times to ensure that the terms of the national register or other federal or state laws or
 18 requirements are being met.

19 (6) The application for classification and assessment under ORS 358.480 to 358.545 may not be
 20 processed unless accompanied by a nonrefundable fee of [*one-third*] **one-tenth** of one percent of the
 21 [*real market value*] **assessed value** of the property, as of the assessment date, for the year in which
 22 application is made. The fee shall be deposited in the State Parks and Recreation Department Fund
 23 for use by the State Parks and Recreation Director or for transfer to the Oregon Property Man-
 24 agement Account established under ORS 358.680 to 358.690, upon the advice of the State Advisory
 25 Committee on Historic Preservation.

26 **SECTION 11.** ORS 358.480 is amended to read:

27 358.480. As used in ORS 358.480 to 358.545, unless the context requires otherwise:

28 (1) "Governing body" means the city or county legislative body having jurisdiction over the
 29 property for which a limited assessment may be applied for under ORS 358.480 to 358.545.

30 (2) "Historic property" means real property that:

31 (a) Is currently listed in the National Register of Historic Places established and maintained
 32 under the National Historic Preservation Act of 1966 (P.L. 89-665) or, if the National Register of
 33 Historic Places ceases accepting nominations, that is approved for listing on an Oregon register of
 34 historic places; **and**

35 [(b) *Is open to the public for sight-seeing at least one day in each calendar year in accordance with*
 36 *rules adopted by the State Historic Preservation Officer; and*]

37 [(c)] (b) Meets the minimum standards of maintenance established by rule of the State Historic
 38 Preservation Officer.

39 (3) "Maintenance" means action taken to mitigate wear and deterioration of a historic property
 40 without altering the historic character of the property, including action taken to protect and repair
 41 the condition of the property with the least possible impact on the historic character of the prop-
 42 erty.

43 (4) "Owner" includes a purchaser under a recorded instrument of sale.

44 (5) "Preservation":

45 (a) Means the act or process of applying measures necessary to sustain the existing form, in-

1 integrity and materials of a historic property, including but not limited to the ongoing maintenance
 2 and repair of historic materials.

3 (b) Does not include the extensive replacement of historic materials or new construction.

4 (6) "Rehabilitation" means the process of repairing or altering a historic property in order to
 5 return the property to a state of utility in which an efficient contemporary use is possible, while
 6 preserving those portions and features of the property that are significant to the historic, architec-
 7 tural and cultural values of the property.

8 **SECTION 12.** ORS 358.499 is amended to read:

9 358.499. (1) Property first classified and specially assessed as historic property for a tax year
 10 beginning on or before July 1, 1994, shall continue to be so classified, specially assessed and re-
 11 moved from special assessment as provided under ORS 358.480 to 358.545 as those sections were in
 12 existence and in effect on December 31, 1992.

13 (2) Property may be classified and specially assessed under ORS 358.480 to 358.545 pursuant to
 14 application filed under ORS 358.487 on or after September 9, 1995, and first applicable for the tax
 15 year 1996-1997 or any tax year thereafter.

16 (3) Property may not be classified and specially assessed pursuant to application filed under ORS
 17 358.487 if the application is filed on or after *[July 1, 2010.] July 1, 2025.*

18 **SECTION 13.** ORS 358.515 is amended to read:

19 358.515. (1) When property has once been classified and assessed as historic property pursuant
 20 to application filed under ORS 358.480 to 358.545, it shall remain so classified and be granted the
 21 special assessment provided by ORS 358.505 until the property becomes disqualified for such classi-
 22 fication and assessment by:

23 (a) Written notice by the taxpayer to the assessor to remove the special assessment.

24 (b) Sale or transfer to an ownership making it exempt from property taxation.

25 (c) Removal of the special assessment by the assessor upon discovery that the property no
 26 longer qualifies as historic property because it is not in compliance with the preservation plan ap-
 27 plicable to the property or for other reason.

28 *[(d) In the case of residential property, any other sale or transfer of the property.]*

29 **(d) Certification for participation in the historic property partial tax exemption program**
 30 **under sections 1 to 9 of this 2009 Act.**

31 *[(2)(a) Notwithstanding subsection (1)(d) of this section, the sale or transfer to a new owner or*
 32 *transfer by reason of death of a former owner to a new owner does not operate to disqualify the*
 33 *property from the special assessment provided by ORS 358.505 so long as the property continues to*
 34 *qualify as historic property and the new owner expressly assents to the preservation plan in effect for*
 35 *the property and continues to implement the preservation plan.]*

36 *[(b) The new owner shall notify the State Historic Preservation Officer of the sale or transfer of*
 37 *ownership within 60 days after the date that the documents described in ORS 93.040 are recorded.]*

38 *[(3)]* (2) When, for any reason, the property or any portion thereof ceases to qualify as historic
 39 property, the owner at the time of change shall notify the assessor and the State Historic Preser-
 40 vation Officer of the change prior to the next January 1 assessment date.

41 **SECTION 14.** ORS 358.525 is amended to read:

42 358.525. (1) Except as provided in subsection (4) of this section, whenever property that has re-
 43 ceived special assessment as historic property under ORS 358.480 to 358.545 thereafter becomes
 44 disqualified for such assessment as provided in ORS 358.515, there shall be added to the tax ex-
 45 tended against the property on the next general property tax roll, to be collected and distributed in

1 the same manner as the remainder of real property tax, additional taxes equal to the difference be-
 2 tween the taxes assessed against the property and the taxes that would otherwise have been as-
 3 sessed against the property for each of the last 15 years (or such lesser number of years,
 4 corresponding to the years of assessment as historic property applicable to the property) as of Jan-
 5 uary 1 of the assessment year for which the property was disqualified for special assessment plus
 6 an amount equal to the sum of the interest on each year's additional taxes computed under ORS
 7 311.505 from November 15 of the tax year for which back taxes are being added to July 1 of the tax
 8 year of disqualification.

9 (2) Whenever property that has received special assessment as historic property under ORS
 10 358.505 becomes disqualified for such assessment and either notice required by ORS 358.515 [(3)] (2)
 11 is not given, the assessor shall determine the date that the notice should have been given, shall
 12 notify the owner thereof and, notwithstanding ORS 311.235, there shall be added to the tax extended
 13 against the property on the next general property tax roll, to be collected and distributed in the
 14 same manner as the remainder of the real property tax, in full payment of all taxes and penalties
 15 accruing from the disqualification, the sum of the following:

16 (a) Additional taxes equal to the difference between the total amount of taxes that would have
 17 been due on the property for each year, not to exceed the last 15 years, in which special assessment
 18 under ORS 358.505 was in effect for the property (even though erroneously) and the taxes that would
 19 have been due had special assessment not been in effect plus an amount equal to the sum of the
 20 interest on each year's additional taxes computed under ORS 311.505 from November 15 of the tax
 21 year for which additional taxes are being added to July 1 of the tax year of disqualification, plus

22 (b) An additional penalty of 15 percent of the amount in paragraph (a) of this subsection.

23 (3) Prior to adding to the tax extended against the property on the next general property tax
 24 roll of any additional taxes or penalty imposed by subsection (1) or (2) of this section, in the case
 25 of disqualification pursuant to ORS 358.515 (1)(c), the assessor shall notify the owner of the property
 26 by mail, return receipt requested, of the disqualification.

27 (4) Additional tax or penalty may not be imposed under subsection (1) or (2) of this section upon
 28 the sale or transfer to an ownership making it exempt from property taxation. Additional tax or
 29 penalty may not be imposed under subsection (1) or (2) of this section if the historic property is
 30 destroyed by fire or act of God.

31 (5) The amount determined to be due under subsection (1) or (2) of this section may be paid to
 32 the tax collector prior to the completion of the next general property tax roll, pursuant to ORS
 33 311.370.

34 (6) Additional taxes collected under this section shall be deemed to have been imposed in the
 35 year to which the additional taxes relate.

36 **SECTION 15.** ORS 358.540 is amended to read:

37 358.540. (1) Property classified as historic property under ORS 358.480 to 358.545 is entitled to
 38 any other exemption or special assessment provided by law, **but may not qualify for partial ex-**
 39 **emption under sections 1 to 9 of this 2009 Act.**

40 (2) Property that has received special assessment under ORS 358.480 to 358.545 for 15 years, at
 41 the completion of the 15-year term, is disqualified from historic property special assessment.

42 (3)(a) Notwithstanding subsection (2) of this section **and subject to ORS 358.541**, following
 43 completion of the initial 15-year period of historic property classification and disqualification under
 44 subsection (2) of this section, the owner of property classified as historic property may reapply un-
 45 der ORS 358.487 for one additional 15-year period of special assessment under ORS 358.480 to

1 358.545. Following completion of the second 15-year term of special assessment, the historic property
 2 shall be disqualified from historic property special assessment and is not again eligible for special
 3 assessment under ORS 358.480 to 358.545.

4 (b) *[For commercial property,]* A reapplication filed under this subsection, in addition to con-
 5 taining all of the information required of an application filed under ORS 358.487, shall be accompa-
 6 nied by a renovation plan detailing measures to be taken for purposes of Americans with Disabilities
 7 Act compliance, seismic improvement measures or energy conservation measures, the costs associ-
 8 ated with the measures and a schedule of the dates on which work on the measures will be begun
 9 and completed.

10 (c) *[For commercial property,]* A reapplication filed under this subsection that in other respects
 11 is in compliance with the application requirements of ORS 358.487 may be approved only upon a
 12 finding by the State Historic Preservation Officer that the renovation plan submitted with the re-
 13 application will, if implemented, result in a significant investment in the historic property that pro-
 14 motes compliance with Americans with Disabilities Act requirements or that results in seismic
 15 improvements or energy conservation improvements to the property. If approved, the renovation
 16 plan shall be considered an amendment to and part of the preservation plan filed with the reappli-
 17 cation and in effect for the property.

18 (d) For residential *[or commercial]* property, a reapplication filed under this subsection that in
 19 other respects is in compliance with the application requirements of ORS 358.487 may be approved
 20 only if a second term of historic property classification and special assessment for residential *[or*
 21 *commercial]* property is authorized under ORS 358.541.

22 (e) The State Historic Preservation Officer may adopt rules under this subsection, including
 23 rules that provide:

24 (A) The minimum amount of investment that must be made in order for the investment to be
 25 considered a significant investment.

26 (B) The minimum amount of seismic improvement to the property that must be contemplated in
 27 the renovation plan in order for the plan to be approved.

28 (C) The minimum level of energy conservation improvements that must be contemplated in the
 29 renovation plan in order for the plan to be approved.

30 (D) The maximum amount of time between the date of filing of the reapplication and the date
 31 of completion of the measures described in the renovation plan in order for the renovation plan to
 32 be approved.

33 **SECTION 16.** ORS 358.541 is amended to read:

34 358.541. (1) Residential *[or commercial]* property may not qualify for a second term of classi-
 35 fication and special assessment as historic property under *[this section]* **ORS 358.540** unless:

36 (a) If the property is located within a city, the governing body of the city has adopted a resol-
 37 ution or ordinance authorizing a second term of historic property classification and special assess-
 38 ment for residential *[or commercial]* property; or

39 (b) If the property is located within unincorporated territory of a county, the governing body
 40 of the county has adopted a resolution or ordinance authorizing a second term of historic property
 41 classification and special assessment for residential *[or commercial]* property.

42 (2) The city or county authorizing a second term of historic property classification and special
 43 assessment for residential *[or commercial]* property shall send a copy of the authorizing resolution
 44 or ordinance to the State Historic Preservation Officer.

45 **SECTION 17.** ORS 93.040 is amended to read:

1 93.040. (1) The following statement shall be included in the body of an instrument transferring
2 or contracting to transfer fee title to real property except for owner's sale agreements or earnest
3 money receipts, or both, as provided in subsection (2) of this section: "BEFORE SIGNING OR AC-
4 CEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE
5 ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336
6 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007. THIS INSTRUMENT DOES NOT
7 ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF AP-
8 PPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS
9 INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK
10 WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT
11 THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PAR-
12 CEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT
13 OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST
14 PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGH-
15 BORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336
16 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007."

17 (2) In all owner's sale agreements and earnest money receipts, there shall be included in the
18 body of the instrument the following statement: "THE PROPERTY DESCRIBED IN THIS INSTRU-
19 MENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES.
20 THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR
21 FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND
22 THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS
23 30.930, IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON
24 TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY,
25 UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424,
26 OREGON LAWS 2007. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON
27 ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY
28 OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING
29 TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010
30 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO VERIFY THE
31 EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND TO INQUIRE ABOUT THE
32 RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND
33 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007."

34 (3) In all owners' sale agreements and earnest money receipts subject to ORS 358.505, there
35 shall be included in the body of the instrument or by addendum the following statement: "THE
36 PROPERTY DESCRIBED IN THIS INSTRUMENT IS SUBJECT TO SPECIAL ASSESSMENT UN-
37 DER ORS 358.505. [ORS 358.515 REQUIRES NOTIFICATION TO THE STATE HISTORIC
38 PRESERVATION OFFICER OF SALE OR TRANSFER OF THIS PROPERTY.]"

39 (4) An action may not be maintained against the county recording officer for recording an in-
40 strument that does not contain the statement required in subsection (1) or (2) of this section.

41 (5) An action may not be maintained against any person for failure to include in the instrument
42 the statement required in subsection (1) or (2) of this section, or for recording an instrument that
43 does not contain the statement required in subsection (1) or (2) of this section, unless the person
44 acquiring or agreeing to acquire fee title to the real property would not have executed or accepted
45 the instrument but for the absence in the instrument of the statement required by subsection (1) or

1 (2) of this section. An action may not be maintained by the person acquiring or agreeing to acquire
 2 fee title to the real property against any person other than the person transferring or contracting
 3 to transfer fee title to the real property.

4 **SECTION 18.** ORS 358.545 is amended to read:

5 358.545. The State Historic Preservation Officer shall adopt rules, pursuant to ORS chapter 183,
 6 with regard to the determination of entitlement of historic properties to the special assessment ac-
 7 corded by ORS 358.480 to 358.545. The rules shall:

8 [(1) *Encompass requirements for allowance and substantiation of public sight-seeing of historic*
 9 *property classified under ORS 358.480 to 358.545;*]

10 [(2)] (1) Provide minimum maintenance and preservation standards for the property;

11 [(3)] (2) Provide standards and guidelines for rehabilitation based on those adopted by the
 12 United States Secretary of the Interior;

13 [(4)] (3) Delineate any other matters necessary to carry out the purposes of ORS 358.480 to
 14 358.545; and

15 [(5)] (4) Provide for a review procedure by the State Historic Preservation Officer for compli-
 16 ance with the preservation plan in the 5th, 10th and 14th years of special assessment. If the State
 17 Historic Preservation Officer determines that there is lack of compliance with the preservation plan,
 18 the State Historic Preservation Officer shall either notify the county assessor under ORS 358.509
 19 or request that the preservation plan be amended as provided under ORS 358.490. If, after a request
 20 for amendment is made, the property remains in noncompliance, the State Historic Preservation
 21 Officer shall notify the county assessor as described, and with the result described, under ORS
 22 358.509.

23 **SECTION 19.** ORS 358.482 is amended to read:

24 358.482. (1) As used in ORS 358.480 to 358.545:

25 (a) “Americans with Disabilities Act” means the Americans with Disabilities Act of 1990 (P.L.
 26 101-336), as amended.

27 [(b) *“Commercial property” means real property used in a trade or business or held for the pro-*
 28 *duction of income, including multifamily residential rental property.*]

29 [(c)] (b) “Preservation plan” means a written preservation, maintenance and rehabilitation pro-
 30 posal submitted by the owner with the application for classification and special assessment as his-
 31 toric property that has been approved by the State Historic Preservation Officer, or as amended and
 32 reapproved by the State Historic Preservation Officer, and that is in compliance with standards and
 33 guidelines for rehabilitation and rules adopted by the State Historic Preservation Officer.

34 [(d)] (c) “Renovation plan” means a written proposal submitted by an owner [*of commercial*
 35 *property*] in connection with a reapplication for special assessment pursuant to ORS 358.540 (3) that
 36 is in compliance with rules adopted by the State Historic Preservation Officer for the submission
 37 and content of renovation plans.

38 [(e)] (d) “Review committee” means the Historic Assessment Review Committee established un-
 39 der ORS 358.511.

40 [(f)] (e) “Seismic improvement” means construction or other measures that improve the seismic
 41 performance or structural stability of property, or that reduce the potential for heavy structural
 42 damage to property in the event of an earthquake.

43 [(g)] (f) “Standards and guidelines for rehabilitation” means the standards and guidelines, based
 44 on those developed by the United States Secretary of the Interior, adopted by the State Historic
 45 Preservation Officer to determine sufficiency of preservation plans, maintenance, alteration and

1 construction for a specific property.

2 (2) Except as otherwise specifically provided, the definitions contained in this section apply to
3 property first classified and assessed as historic property on or after July 1, 1996.

4 **SECTION 20. Property may not be certified or recertified for historic property partial tax**
5 **exemption under sections 1 to 9 of this 2009 Act if the application for partial tax exemption**
6 **is filed on or after July 1, 2025.**

7 **SECTION 21. (1) Sections 1 to 9 of this 2009 Act and the amendments to ORS 358.480,**
8 **358.482, 358.487, 358.499, 358.515, 358.525, 358.540, 358.541 and 358.545 by sections 10 to 16, 18**
9 **and 19 of this 2009 Act apply to tax years beginning on or after July 1, 2010.**

10 (2) Nothing in the amendments to ORS 358.540 or 358.541 by sections 15 and 16 of this 2009
11 Act affects the status of property that is classified as historic property on the effective date
12 of this 2009 Act. Such property may continue to receive special assessment under ORS
13 358.480 to 358.545 until the completion of the 15-year term that is in effect on the effective
14 date of this 2009 Act.

15 (3) The amendments to ORS 93.040 by section 17 of this 2009 Act become operative on
16 July 1, 2010.

17 **SECTION 22. This 2009 Act takes effect on the 91st day after the date on which the**
18 **regular session of the Seventy-fifth Legislative Assembly adjourns sine die.**

19