

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
Seventy-Sixth Oregon Legislative
Assembly
2011 Regular Session
Legislative Revenue Office

Bill Number: SB 322 - A
Revenue Area: Property Tax
Economist: Christine Broniak
Date: 3/29/2011

Measure Description:

Includes commercial uses of multiple-unit housing as allowable uses for purposes of exemption from property taxation.

Revenue Impact: In 2011-13, a small amount of the \$6.6 million tax expenditure is foregone by extending the sunset. Revenue loss in subsequent biennia will be progressively higher until it reaches \$6.6 million. This revenue loss would affect local taxing districts.

The multiple-unit housing exemptions result in \$6.6 million in tax expenditures per biennium. If new exemptions were eliminated on January 1, 2012, exemptions would begin to expire for some multiple family housing units. Others would continue the exemption for the agreed upon time, up to 10 years. Therefore, only a small portion of the \$6.6 million in property tax revenue would be gained immediately as a result of the sunset. By extending the sunset, the revenue impact of the measure is negative.

Impact Explanation: The measure extends the sunset date for application for the multiple-unit housing exemption from January 1, 2012 to January 1, 2022. It also adds commercial space to value that may be exempted under the statute. Currently, the exemption results in a property tax revenue loss of \$6,600,000 and a shift of \$1,400,000 in 2011-13. The extension of the exemption to commercial property would result in an additional revenue loss, but the extent of this loss is not known. The sunset date would apply to new applications for the exemption, but would not end existing exemptions that could continue for up to 10 years.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is to stimulate the construction of transit supportive multiple-unit housing in the core areas of Oregon's urban centers to improve the balance between the residential and commercial nature of those areas, and to ensure full-time use of the areas as places where citizens of the community have an opportunity to live as well as work. The purpose is also to promote private investment in transit supportive multiple-unit housing in light rail station areas and transit oriented areas in order to maximize Oregon's transit investment to the fullest extent possible and that the cities and counties of this state should be enabled to establish and design programs to attract new development of multiple-unit housing and commercial and retail property, in areas located within a light rail station area or transit-oriented area.