

**REVENUE IMPACT OF  
PROPOSED LEGISLATION  
Seventy-Seventh Oregon Legislative  
Assembly  
2013 Regular Session  
Legislative Revenue Office**

**CORRECTED**  
**Bill Number:** HB 2349 B  
**Revenue Area:** Property Tax  
**Economist:** Christine Broniak  
**Date:** 6/3/2013

**Only Impacts on Original or Engrossed Versions are Considered Official**

**Measure Description:** Extends tax exemption for single unit housing to property constructed before January 1, 2025. Removes requirement for affordable housing to be located in distressed areas and the 20 percent limit on area of a city that may be designated as distressed. Requires that a city with more than 40% of the tax rate gain county approval before approving the single unit housing exemption in an area.

**Revenue Impact (in \$Millions):**

**Sunset Extension Impact**

| <b>(Corrected to reflect phase-in, rather than all at once) Sunset Extension Impact</b> | <b>2013-15</b> | <b>2015-17</b> | <b>2017-19</b> |
|---|----------------|----------------|----------------|
| Local Taxing Districts  | -\$0.38        | -\$1.85        | -\$3.01        |
| Schools   | -\$0.26        | -\$1.23        | -\$2.01        |
| <b>Total</b>  | <b>-\$0.64</b> | <b>-\$3.08</b> | <b>-\$5.02</b> |

**Impact of Geographic Expansion From Distressed Areas to Entire City**

|                        | <b>2013-15</b>         | <b>2015-17</b>         | <b>2017-19</b>         |
|------------------------|------------------------|------------------------|------------------------|
| Local Taxing Districts | -\$0 to -\$0.13        | -\$0 to -\$0.26        | -\$0 to -\$0.40        |
| Schools                | -\$0 to -\$0.08        | -\$0 to -\$0.17        | -\$0 to -\$0.27        |
| <b>Total</b>           | <b>-\$0 to -\$0.21</b> | <b>-\$0 to -\$0.44</b> | <b>-\$0 to -\$0.67</b> |

**Total (Part 1 and Part 2)**

|                        | <b>2013-15</b>            | <b>2015-17</b>            | <b>2017-19</b>            |
|------------------------|---------------------------|---------------------------|---------------------------|
| Local Taxing Districts | -\$0.38 to -\$0.51        | -\$1.85 to -\$2.11        | -\$3.01 to -\$3.42        |
| Schools                | -\$0.26 to -\$0.34        | -\$1.23 to -\$1.41        | -\$2.01 to -\$2.28        |
| <b>Total</b>           | <b>-\$0.64 to -\$0.85</b> | <b>-\$3.08 to -\$3.52</b> | <b>-\$5.02 to -\$5.69</b> |

**Impact Explanation:**

The impact of the measure is divided into two parts. The first is the sunset extension from a July 2015 construction deadline to a July 2025 deadline. The second is the geographic expansion of areas where properties may receive the exemption from distressed areas only to city-wide. Impacts here are given in a range from no increase in new property per year limit to a doubling of the limit.

The single unit housing property tax exemption is currently only granted in Portland in particular distressed areas. Through a collaborative process with the taxing districts involved, there has been established a limit of 100 new properties per year that may participate in the program. This limit, however, is not in statute. The measure would open the program to more land area within any city that adopts it. To date, Portland is the only city that has adopted this exemption. While the measure significantly expands the available land area for housing to receive this exemption, the limit of 100 new properties each year would apply for the immediate future. There are 1,800 properties participating in the exemption. Any expansion of the program or the number of properties that may qualify would be a part of the collaborative process between the Portland Housing Bureau and affected districts. Furthermore, the measure requires county approval in cases where the city makes up 40 percent or more of the assessed value on a property.

The changes have reflected the fact that the sunset would be a construction deadline, so only 1/10 of homes would phase out of the program each year.

**Creates, Extends, or Expands Tax Expenditure:**      Yes  No

The Legislative Assembly finds it to be in the public interest to encourage homeownership among low and moderate income families.