

# D R A F T

## SUMMARY

Exempts from property taxation property of political subdivision used or intended to be used for affordable housing or leased or rented to persons of lower income for housing. Requires application.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to the exemption from tax of property of a political subdivision of  
3 the state; creating new provisions; amending ORS 307.110 and 307.162; and  
4 prescribing an effective date.

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

5 **SECTION 1.** ORS 307.110 is amended to read:

6  
7 307.110. (1) Except as provided in ORS 307.120, all real and personal  
8 property of this state or any institution or department thereof or of any  
9 county or city, town or other municipal corporation or political subdivision  
10 of this state, held under a lease or other interest or estate less than a fee  
11 simple, by any person whose real property, if any, is taxable, except em-  
12 ployees of the state, municipality or political subdivision as an incident to  
13 such employment, shall be subject to assessment and taxation for the as-  
14 sessed or specially assessed value thereof uniformly with real property of  
15 nonexempt ownerships.

16 (2) Each leased or rented premises not exempt under ORS 307.120 and  
17 subject to assessment and taxation under this section which is located on  
18 property used as an airport and owned by and serving a municipality or port  
19 shall be separately assessed and taxed.

20 (3) Nothing contained in this section shall be construed as subjecting to

1 assessment and taxation any publicly owned property described in subsection  
2 (1) of this section that is:

3 (a) Leased for student housing by a school or college to students attend-  
4 ing such a school or college.

5 (b) Leased to or rented by persons, other than sublessees or subrenters,  
6 for agricultural or grazing purposes and for other than a cash rental or a  
7 percentage of the crop.

8 (c) Utilized by persons under a land use permit issued by the Department  
9 of Transportation for which the department's use restrictions are such that  
10 only an administrative processing fee is able to be charged.

11 (d) County fairgrounds and the buildings thereon, in a county holding  
12 annual county fairs, managed by the county fair board under ORS 565.230,  
13 if utilized, in addition to county fair use, for any of the purposes described  
14 in ORS 565.230 (2), or for horse stalls or storage for recreational vehicles or  
15 farm machinery or equipment.

16 (e) The properties and grounds managed and operated by the State Parks  
17 and Recreation Director under ORS 565.080, if utilized, in addition to the  
18 purpose of holding the Oregon State Fair, for horse stalls or for storage for  
19 recreational vehicles or farm machinery or equipment.

20 (f) State property that is used by the Oregon University System or the  
21 Oregon Health and Science University to provide parking for employees,  
22 students or visitors.

23 (g) Property of a housing authority created under ORS chapter 456 which  
24 is leased or rented to persons of lower income for housing pursuant to the  
25 public and governmental purposes of the housing authority. For purposes of  
26 this paragraph, "persons of lower income" has the meaning given [*the phrase*  
27 *under*] **that term in** ORS 456.055.

28 **(h) Property of a political subdivision of this state that is used or**  
29 **intended to be used for affordable housing or is leased or rented to**  
30 **persons of lower income for housing pursuant to the public and gov-**  
31 **ernmental purposes of the political subdivision. For purposes of this**

1 **paragraph, “affordable housing” and “persons of lower income” have**  
2 **the meanings given those terms in ORS 456.055. The exemption under**  
3 **this paragraph shall be granted upon compliance with ORS 307.162.**

4 [(h)] (i) Property of a health district if:

5 (A) The property is leased or rented for the purpose of providing facilities  
6 for health care practitioners practicing within the county; and

7 (B) The county is a frontier rural practice county under rules adopted by  
8 the Office of Rural Health.

9 (4) Property determined to be an eligible project for tax exemption under  
10 ORS 285C.600 to 285C.626 and 307.123 that was acquired with revenue bonds  
11 issued under ORS 285B.320 to 285B.371 and that is leased by this state, any  
12 institution or department thereof or any county, city, town or other municipi-  
13 pal corporation or political subdivision of this state to an eligible applicant  
14 shall be assessed and taxed in accordance with ORS 307.123. The property’s  
15 continued eligibility for taxation and assessment under ORS 307.123 is not  
16 affected:

17 (a) If the eligible applicant retires the bonds prior to the original dates  
18 of maturity; or

19 (b) If any applicable lease or financial agreement is terminated prior to  
20 the original date of expiration.

21 (5) The provisions of law for liens and the payment and collection of taxes  
22 levied against real property of nonexempt ownerships shall apply to all real  
23 property subject to the provisions of this section. Taxes remaining unpaid  
24 upon the termination of a lease or other interest or estate less than a fee  
25 simple, shall remain a lien against the real or personal property.

26 (6) If the state enters into a lease of property with, or grants an interest  
27 or other estate less than a fee simple in property to, a person whose real  
28 property, if any, is taxable, then within 30 days after the date of the lease,  
29 or within 30 days after the date the interest or estate less than a fee simple  
30 is created, the state shall file a copy of the lease or other instrument creat-  
31 ing or evidencing the interest or estate with the county assessor. This sec-

1 tion applies notwithstanding that the property may otherwise be entitled to  
2 an exemption under this section, ORS 307.120 or as otherwise provided by  
3 law.

4 **SECTION 2.** ORS 307.162, as amended by section 3, chapter 42, Oregon  
5 Laws 2012, is amended to read:

6 307.162. (1)(a) Before any real or personal property may be exempted from  
7 taxation under ORS **307.110 (3)(h)**, 307.115, 307.118, 307.130 to 307.140,  
8 307.145, 307.147, 307.150, 307.160, 307.181 (3) or 307.580 for any tax year, the  
9 institution or organization entitled to claim the exemption must file a claim  
10 with the county assessor, on or before April 1 preceding the tax year for  
11 which the exemption is claimed. The claim must contain statements, verified  
12 by the oath or affirmation of the president or other proper officer of the in-  
13 stitution or organization, that:

14 (A) List all real property claimed to be exempt and show the purpose for  
15 which the real property is used; and

16 (B) Cite the statutes under which exemption for personal property is  
17 claimed.

18 (b) If the ownership of all property included in the claim filed with the  
19 county assessor for a prior year remains unchanged, a new claim is not re-  
20 quired.

21 (c) When the property designated in the claim for exemption is acquired  
22 after March 1 and before July 1, the claim for that year must be filed within  
23 30 days from the date of acquisition of the property.

24 (2)(a) Notwithstanding subsection (1) of this section, a claim may be filed  
25 under this section for the current tax year:

26 (A) On or before December 31 of the tax year, if the claim is accompanied  
27 by a late filing fee of the greater of \$200, or one-tenth of one percent of the  
28 real market value as of the most recent assessment date of the property to  
29 which the claim pertains.

30 (B) On or before April 1 of the tax year, if the claim is accompanied by  
31 a late filing fee of \$200 and the claimant demonstrates good and sufficient

1 cause for failing to file a timely claim, is a first-time filer or is a public  
2 entity described in ORS 307.090.

3 (b)(A) Notwithstanding subsection (1) of this section, a claimant that  
4 demonstrates good and sufficient cause for failing to file a timely claim, is  
5 a first-time filer or is a public entity described in ORS 307.090 may file a  
6 claim under this section for the five tax years prior to the current tax year:

7 (i) Within 60 days after the date on which the county assessor mails no-  
8 tice of additional taxes owing under ORS 311.206 for the property to which  
9 the claim filed under this subparagraph pertains; or

10 (ii) At any time if no notice is mailed.

11 (B) A claim filed under this paragraph must be accompanied by a late  
12 filing fee of the greater of \$200, or one-tenth of one percent of the real  
13 market value as of the most recent assessment date of the property to which  
14 the claim pertains, multiplied by the number of prior tax years for which  
15 exemption is claimed.

16 (c) If a claim filed under this subsection is not accompanied by the late  
17 filing fee or if the late filing fee is not otherwise paid, an exemption may  
18 not be allowed for the tax years sought by the claim. A claim may be filed  
19 under this subsection notwithstanding that there are no grounds for hardship  
20 as required for late filing under ORS 307.475.

21 (d) The value of the property used to determine the late filing fee under  
22 this subsection and the determination of the county assessor relative to a  
23 claim of good and sufficient cause are appealable in the same manner as  
24 other acts of the county assessor.

25 (e) A late filing fee collected under this subsection must be deposited in  
26 the county general fund.

27 (3) As used in this section:

28 (a) "First-time filer" means a claimant that:

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

31 (B) Did not receive notice from the county assessor on or before December

1 1 of the tax year for which exemption is claimed regarding the potential  
2 property tax liability of the property.

3 (b)(A) "Good and sufficient cause" means an extraordinary circumstance  
4 beyond the control of the taxpayer or the taxpayer's agent or representative  
5 that causes the failure to file a timely claim.

6 (B) "Good and sufficient cause" does not include hardship, reliance on  
7 misleading information unless the information is provided by an authorized  
8 tax official in the course of the official's duties, lack of knowledge, oversight  
9 or inadvertence.

10 (c) "Ownership" means legal and equitable title.

11 (4)(a) Notwithstanding subsection (1) of this section, if an institution or  
12 organization owns property that is exempt from taxation under a provision  
13 of law listed in subsection (1) of this section and fails to file a timely claim  
14 for exemption under subsection (1) of this section for additions or improve-  
15 ments to the exempt property, the additions or improvements may neverthe-  
16 less qualify for exemption.

17 (b) The organization must file a claim for exemption with the county  
18 assessor to have the additions or improvements to the exempt property be  
19 exempt from taxation. The claim must:

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

21 (B) Describe the current use of the property that is the subject of the  
22 application;

23 (C) Identify the tax year and any preceding tax years for which the ex-  
24 emption is sought;

25 (D) Contain any other information required by the Department of Reve-  
26 nue; and

27 (E) Be accompanied by a late filing fee equal to the product of the number  
28 of tax years for which exemption is sought multiplied by the greater of \$200  
29 or one-tenth of one percent of the real market value as of the most recent  
30 assessment date of the property that is the subject of the claim.

31 (c) Upon the county assessor's receipt of a completed claim and late filing

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

8 (d) A claim for exemption under this subsection may be filed only for tax  
9 years for which the time for filing a claim under subsections (1) and (2)(a)  
10 of this section has expired. A claim filed under this subsection, however, may  
11 serve as the claim required under subsection (1) of this section for the cur-  
12 rent tax year.

13 (e) A late filing fee collected under this subsection must be deposited in  
14 the county general fund.

15 (5) For each tax year for which an exemption granted pursuant to sub-  
16 section (2) or (4) of this section applies:

17 (a) Any tax, or interest attributable thereto, that was paid with respect  
18 to the property that is declared exempt from taxation must be refunded. Re-  
19 funds must be made without interest from the unsegregated tax collections  
20 account established under ORS 311.385.

21 (b) Any tax, or interest attributable thereto, that remains unpaid as of the  
22 date the exemption is granted must be abated.

23 (6) If an institution or organization owns property that is exempt from  
24 taxation under a provision of law listed in subsection (1) of this section and  
25 changes the use of the property to a use that would not entitle the property  
26 to exemption from taxation, the institution or organization must notify the  
27 county assessor of the change to a taxable use within 30 days.

28 **SECTION 3. The amendments to ORS 307.110 and 307.162 by sections**  
29 **1 and 2 of this 2013 Act apply to property tax years beginning on or**  
30 **after July 1, 2013.**

31 **SECTION 4. This 2013 Act takes effect on the 91st day after the date**

1 **on which the 2013 regular session of the Seventy-seventh Legislative**  
2 **Assembly adjourns sine die.**

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