

**Minority Report**  
**B-Engrossed**  
**House Bill 2227**

Ordered by the Senate May 8  
Including House Amendments dated March 19 and Senate Minority  
Report Amendments dated May 8

Sponsored by nonconcurring members of the Senate Committee on Finance and Revenue: Senators GEORGE,  
FERRIOLI

**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.

Repeals certain little-used property tax exemptions, beginning with July 1, 2017, tax year.

Creates consistent deadlines for application for certain property tax exemption programs.

Eliminates application requirement for property owned by state or federal government, Indians or Indian tribe where leased, subleased or possession granted to state or federal government or Indian tribe.

Creates 10-year clawback provisions for nonprofit corporation low income housing exemption program and vertical housing exemption program, consistent with other housing exemption programs.

Requires applicant to obtain verifications required for farm labor camp and child care facility exemption programs.

Adds application requirement to exemption for property held or operated by housing authority.

**Increases ceiling amount of total assessed value of taxable personal property for purposes of exemption from property taxation. Applies to property tax years beginning on or after July 1, 2014.**

Takes effect on 91st day following adjournment sine die.

**A BILL FOR AN ACT**

1  
2 Relating to exemption from property taxation; creating new provisions; amending ORS 307.092,  
3 307.162, 307.166, 307.495, 307.500, 307.523, 307.527, 307.545, 307.547, 307.548, 307.621, 307.674,  
4 307.864, 308.250, 308.459 and 308.466 and section 4, chapter 656, Oregon Laws 2011; repealing  
5 ORS 263.290, 307.065, 307.205, 307.220, 307.230, 307.240 and 308.559; and prescribing an effective  
6 date.

7 **Be It Enacted by the People of the State of Oregon: 'SECTIONS'**

8 **SECTION 1. ORS 263.290, 307.065, 307.205, 307.220, 307.230, 307.240 and 308.559 are repealed.**

9 **SECTION 2. The repeal of ORS 263.290, 307.065, 307.205, 307.220, 307.230, 307.240 and  
10 308.559 by section 1 of this 2013 Act applies to tax years beginning on or after July 1, 2017.**

11 **SECTION 3. The repeal of ORS 263.290, 307.065, 307.205, 307.220, 307.230, 307.240 and  
12 308.559 by section 1 of this 2013 Act becomes operative on July 1, 2017.**

13 **SECTION 4. Notice of approval of an application for exemption or special assessment, and  
14 any additional information required, under ORS 307.515 to 307.537, 307.540 to 307.548, 307.600  
15 to 307.637, 307.651 to 307.687, 307.841 to 307.867 or 308.450 to 308.481 must be filed with the  
16 assessor by the entity issuing the notice of approval on or before April 1 immediately pre-  
17 ceding the first property tax year for which the exemption or special assessment is re-  
18 quested.**

**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        **SECTION 5.** ORS 307.523 is amended to read:

2        307.523. (1) Application shall be made on or before December 1 of the calendar year immediately  
3 preceding the first assessment year for which exemption is requested, and shall be accompanied by  
4 the application fee required under ORS 307.527. However, if the property is acquired after November  
5 1, the application shall be made within 30 days after the date of acquisition.

6        (2) Within 60 days of the filing of an application under ORS 307.521, the governing body shall  
7 take final action upon the application as provided under ORS 307.527, and certify the results of the  
8 action to the county assessor, **as set forth in section 4 of this 2013 Act.**

9        (3) Upon receipt of certification under subsection (2) of this section, the county assessor shall  
10 exempt the property from taxation to the extent certified by the governing body.

11        **SECTION 6.** ORS 307.527 is amended to read:

12        307.527. (1) Final action upon an application by the governing body shall be in the form of an  
13 ordinance or resolution that shall contain the owner's name and address, a description of the hous-  
14 ing unit, either the legal description of the property or the county assessor's property account  
15 number, any specific conditions upon which the approval of the application is based and if only a  
16 portion of the property is approved, a description of the portion that is approved.

17        (2) [*On or before April 1*] Following approval, the governing body shall file with the county  
18 assessor and send to the applicant a copy of the ordinance or resolution approving or disapproving  
19 the application. The copy shall contain or be accompanied by a notice explaining the grounds for  
20 possible termination of the exemption prior to the end of the exemption period or thereafter, and the  
21 effects of termination. In addition, the governing body shall file with the county assessor [*on or be-*  
22 *fore April 1*] a document listing the same information otherwise required to be in an ordinance or  
23 resolution under subsection (1) of this section, as to each application deemed approved under this  
24 section.

25        (3) If the application is denied, the governing body shall state in writing the reasons for denial  
26 and send the notice of denial to the applicant within 10 days after the denial. The notice shall in-  
27 form the applicant of the right to appeal under ORS 307.533.

28        (4) The governing body, after consultation with the county assessor, shall establish an applica-  
29 tion fee in an amount sufficient to cover the cost to be incurred by the governing body and the  
30 county assessor in administering ORS 307.515 to 307.523. The application fee shall be paid to the  
31 governing body at the time the application for exemption is filed. If the application is approved, the  
32 governing body shall pay the application fee to the county assessor for deposit in the county general  
33 fund, after first deducting that portion of the fee attributable to its own administrative costs in  
34 processing the application. If the application is denied, the governing body shall retain that portion  
35 of the application fee attributable to its own administrative costs and shall refund the balance to  
36 the applicant.

37        **SECTION 7.** ORS 307.545 is amended to read:

38        307.545. (1) To qualify for the exemption provided by ORS 307.541, the corporation shall file an  
39 application for exemption with the governing body for each assessment year the corporation wants  
40 the exemption. The application shall be filed on or before [*April 1*] **March 1** of the assessment year  
41 for which the exemption is sought, except that when the property designated is acquired after [*April*  
42 *1*] **March 1** and before July 1, the [*claim*] **application** for that year shall be filed within 30 days after  
43 the date of acquisition. The application shall include the following information, [*if*] **as** applicable:

- 44        (a) A description of the property for which the exemption is requested;  
45        (b) A description of the charitable purpose of the project and whether all or a portion of the

1 property is being used for that purpose;

2 (c) A certification of income levels of low income occupants;

3 (d) A description of how the tax exemption will benefit project residents;

4 (e) A description of the development of the property if the property is being held for future low  
5 income housing development; and

6 (f) A declaration that the corporation has been granted an exemption from income taxes under  
7 section [501(c) (3) or (4)] **501(c)(3) or 501(c)(4)** of the Internal Revenue Code, as amended before  
8 December 1, 1984.

9 (2) The applicant shall verify the information in the application by oath or affirmation.

10 **SECTION 8.** ORS 307.547 is amended to read:

11 307.547. (1) Within 30 days of the filing of an application under ORS 307.545, the governing body  
12 shall determine whether the applicant qualifies for the exemption under ORS 307.541.

13 **(2)(a)** If the governing body determines **that** the applicant qualifies, the governing body shall  
14 certify to the assessor of the county where the real property is located, **as set forth in section 4**  
15 **of this 2013 Act**, that all or a portion of the property [*shall be*] **is** exempt from taxation under the  
16 levy of the certifying governing body.

17 **(b) Notwithstanding paragraph (a) of this subsection, the governing body may send the**  
18 **certification required under this subsection on or before the deadline specified in section 4**  
19 **of this 2013 Act, or as promptly as practicable after making the determination under sub-**  
20 **section (1) of this section, whichever is later.**

21 [(2)] **(3)** Upon receipt of certification [*under subsection (1)*] **sent pursuant to subsection (2)** of  
22 this section, the county assessor shall exempt the property from taxation to the extent certified by  
23 the governing body.

24 **SECTION 9.** ORS 307.621 is amended to read:

25 307.621. (1) The city or county shall approve or deny an application filed under ORS [*307.618*]  
26 **307.615** within 180 days after receipt of the application. An application not acted upon within 180  
27 days shall be deemed approved.

28 (2) Final action upon an application by the city or county shall be in the form of an ordinance  
29 or resolution that shall contain the owner's name and address, a description of the subject  
30 multiple-unit housing, either the legal description of the property or the assessor's property account  
31 number, and the specific conditions upon which the approval of the application is based. [*On or be-*  
32 *fore April 1*] Following approval **and on or before the deadline set forth in section 4 of this 2013**  
33 **Act**, the city or county shall file with the county assessor and send to the owner at the last-known  
34 address of the owner a copy of the ordinance or resolution approving or disapproving the applica-  
35 tion. In addition, the city or county shall file with the county assessor [*on or before April 1*] a doc-  
36 ument listing the same information otherwise required to be in an ordinance or resolution under this  
37 subsection, as to each application deemed approved under subsection (1) of this section.

38 (3) If the application is denied, the city or county shall state in writing the reasons for denial  
39 and send notice of denial to the applicant at the last-known address of the applicant within 10 days  
40 after the denial.

41 (4) The city or county, after consultation with the county assessor, shall establish an application  
42 fee in an amount sufficient to cover the cost to be incurred by the city or county and the assessor  
43 in administering ORS 307.600 to 307.637. The application fee shall be paid to the city or county at  
44 the time the application for exemption is filed. If the application is approved, the city or county shall  
45 pay the application fee to the county assessor for deposit in the county general fund, after first de-

1 ducting that portion of the fee attributable to its own administrative costs in processing the appli-  
2 cation. If the application is denied, the city or county shall retain that portion of the application fee  
3 attributable to its own administrative costs and shall refund the balance to the applicant.

4 **SECTION 10.** ORS 307.674 is amended to read:

5 307.674. (1) The city shall approve or deny an application filed under ORS 307.667 within 180  
6 days after receipt of the application. An application not acted upon within 180 days shall be deemed  
7 approved.

8 (2) Final action upon an application by the city shall be in the form of an ordinance or resol-  
9 ution that shall contain the owner's name and address, a description of the structure that is the  
10 subject of the application that includes either the legal description of the property or the assessor's  
11 property account number and the specific conditions upon which the approval of the application is  
12 based.

13 (3) [*On or before April 1*] Following approval **and on or before the deadline set forth in sec-**  
14 **tion 4 of this 2013 Act**, the city shall file with the county assessor and send to the owner at the  
15 last-known address of the owner a copy of the ordinance or resolution approving the application.  
16 The copy shall contain or be accompanied by a notice explaining the grounds for possible termi-  
17 nation of the exemption prior to the end of the exemption period or thereafter, and the effects of  
18 termination. In addition, the city shall file with the county assessor [*on or before April 1*] a docu-  
19 ment listing the same information otherwise required to be in an ordinance or resolution under  
20 subsection (2) of this section, as to each application deemed approved under subsection (1) of this  
21 section.

22 (4) If the application is denied, the city shall state in writing the reasons for denial and send  
23 notice of denial to the applicant at the last-known address of the applicant within 10 days after the  
24 denial. The notice shall inform the applicant of the right to appeal under ORS 307.687.

25 (5) The city, after consultation with the county assessor, shall establish an application fee in  
26 an amount sufficient to cover the cost to be incurred by the city and the assessor in administering  
27 ORS 307.651 to 307.687. The application fee shall be paid to the city at the time the application for  
28 exemption is filed. If the application is approved, the city shall pay the application fee to the county  
29 assessor for deposit in the county general fund, after first deducting that portion of the fee attrib-  
30 utable to its own administrative costs in processing the application. If the application is denied, the  
31 city shall retain that portion of the application fee attributable to its own administrative costs and  
32 shall refund the balance to the applicant.

33 **SECTION 11.** ORS 307.864 is amended to read:

34 307.864. (1) For the first tax year in which, as of the assessment date, a vertical housing devel-  
35 opment project is occupied or ready for occupancy following certification under ORS 307.857, and  
36 for the next nine consecutive tax years:

37 (a) The property of the vertical housing development project, except for the land of the project,  
38 shall be partially exempt from ad valorem property taxes imposed by local taxing districts, other  
39 than the districts that elected not to participate in the vertical housing development zone as de-  
40 scribed in ORS 307.844 (4), according to the following schedule and as identified in the certification  
41 issued by the department under ORS 307.857 (7):

42 (A) If the project consists of the equivalent of one equalized floor allocated to residential hous-  
43 ing, the project shall be 20 percent exempt.

44 (B) If the project consists of the equivalent of two equalized floors allocated to residential  
45 housing, the project shall be 40 percent exempt.

1 (C) If the project consists of the equivalent of three equalized floors allocated to residential  
2 housing, the project shall be 60 percent exempt.

3 (D) If the project consists of the equivalent of four or more equalized floors allocated to resi-  
4 dential housing, the project shall be 80 percent exempt.

5 (b) The land of the vertical housing development project shall be partially exempt from ad  
6 valorem property taxes imposed by local taxing districts, other than the districts that elected not  
7 to participate in the vertical housing development zone as described in ORS 307.844 (4), in the same  
8 percentages determined under paragraph (a) of this subsection, for each equalized floor allocated to  
9 low income residential housing, as identified in the certification issued by the department under ORS  
10 307.857 (7).

11 (2) In order **for the property of a vertical housing development project** to receive the partial  
12 property tax exemption described in subsection (1) of this section, the vertical housing development  
13 project property owner, project applicant or other person responsible for the payment of property  
14 taxes on the project [*shall notify the county assessor of the county in which the project exists,*] **must**  
15 **notify the Housing and Community Services Department that the project is occupied or ready**  
16 **for occupancy, and the department must notify the assessor of the county in which the**  
17 **project is located, in the manner set forth in section 4 of this 2013 Act**, that the project [*meets*  
18 *the requirements of subsection (1) of this section. The notification must be given to the assessor in*  
19 *writing on or before April 1 preceding the first tax year for which the partial property tax exemption*  
20 *is sought*] **is occupied or ready for occupancy and has been certified by the department under**  
21 **ORS 307.857.**

22 (3) During the period in which property would otherwise be partially exempt under subsection  
23 (1)(a) of this section, if all or a portion of a project has been decertified by the Housing and Com-  
24 munity Services Department under ORS 307.861, the property shall be disqualified from exemption  
25 under this section in proportion to the equivalent of each equalized floor that has ceased qualifying  
26 as residential housing, as set forth in the notice of decertification.

27 (4) During the period in which land would otherwise be partially exempt under subsection (1)(b)  
28 of this section, if all or a portion of a project has been decertified by the Housing and Community  
29 Services Department under ORS 307.861, the land shall be disqualified from exemption under this  
30 section in proportion to the equivalent number of equalized floors that have ceased qualifying as low  
31 income residential housing, as set forth in the notice of decertification.

32 **SECTION 12.** ORS 308.459 is amended to read:

33 308.459. (1) For purposes of ORS 308.232, the assessed value of rehabilitated residential property  
34 shall be not more than its assessed value as it appears in the last certified assessment roll next  
35 preceding the date on which the application for limited assessment is filed with the governing body  
36 as provided in ORS 308.462. If the certificate of qualification is filed with the assessor as provided  
37 in ORS 308.466 [*after December 31 and before April 1*] **and section 4 of this 2013 Act**, the limited  
38 assessment shall apply with respect to the first assessment roll certified after that date or if the  
39 certificate of qualification is filed after [*April 1 and before January 1*] **the deadline set forth in**  
40 **section 4 of this 2013 Act**, the limited assessment shall apply as of the following January 1, and  
41 shall continue to apply for a total of 10 consecutive assessment rolls.

42 (2) Notwithstanding subsection (1) of this section, if the multifamily rehabilitated residential  
43 housing is subject to a low income rental assistance contract with an agency of this state or of the  
44 United States, the city may extend the limited assessment provided by ORS 308.450 to 308.481  
45 through December 31 of the assessment year during which the termination date of the contract falls.

1        **SECTION 13.** ORS 308.466 is amended to read:

2        308.466. (1) The governing body or its duly authorized agent shall approve or deny an applica-  
3        tion filed under ORS 308.462 within 90 days after receipt of the application. An application not acted  
4        upon within 90 days shall be deemed approved.

5        (2) Subject to ORS 308.471, the governing body shall complete a certificate of qualification on  
6        a form approved by the Department of Revenue and file the certificate with the county assessor **on**  
7        **or before the deadline set forth in section 4 of this 2013 Act.** The certificate shall contain a  
8        statement by a duly authorized agent of the governing body that the property is in substantial  
9        compliance as defined in ORS 308.450, and that the owner of the property has complied with the  
10       provisions of ORS 308.471. In addition, the governing body shall file with the county assessor copies  
11       of applications filed and deemed approved under subsection (1) of this section, together with copies  
12       of those statements filed under ORS 308.462 and 308.471.

13       (3) If the application is denied, the governing body or its authorized agent shall state in writing  
14       the reasons for denial and send the notice to the applicant at the last-known address of the applicant  
15       within 10 days after the denial.

16       (4) Upon denial by a duly authorized agent, an applicant may appeal the denial to the governing  
17       body within 30 days after receipt of the denial. Upon denial of the appeal by the governing body,  
18       or denial of the application, the applicant may appeal to the circuit court, and from the decision of  
19       the circuit court to the Court of Appeals, as provided by law.

20       **SECTION 14. Section 4 of this 2013 Act and the amendments to ORS 307.523, 307.527,**  
21       **307.545, 307.547, 307.621, 307.674, 307.864, 308.459 and 308.466 by sections 5 to 13 of this 2013**  
22       **Act apply to property tax years beginning on or after July 1, 2014.**

23       **SECTION 15.** 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 that is granted exemption or the right to claim exemption for any of its property under a  
26       provision of law contained in this chapter, and the institution, organization or public body leases  
27       or otherwise grants the use and possession of the property to another institution, organization or  
28       public body that is likewise granted exemption or the right to claim exemption for property under  
29       a provision of law contained in this chapter, the property is exempt from taxation if used by the  
30       lessee or possessor in the manner, if any, required by law for the exemption of property owned or  
31       being purchased by the lessee or possessor and the rent payable under the lease or other grant of  
32       use and possession of the property has been established to reflect the savings below market rent  
33       resulting from the exemption from taxation. Likewise, if the property is sublet or otherwise the use  
34       and possession of the property is granted to another institution, organization or public body of the  
35       kind described in this subsection, the property is exempt if used by the sublessee or possessor in the  
36       manner, if any, required by law for the exemption of property owned or being purchased by the  
37       sublessee or possessor and the rent payable under the sublease or other grant of use and possession  
38       of the property has been established to reflect the savings below market rent resulting from the  
39       exemption from taxation.

40       (2) **Except as provided in subsection (4) of this section,** to obtain the exemption under this  
41       section, the lessee or entity in possession must file a claim for exemption with the county assessor,  
42       verified by the oath or affirmation of the president or other proper officer of the institution or or-  
43       ganization, or head official of the public body or the legally authorized delegate of the head official,  
44       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 grant of use and possession covering the property  
4 for which exemption is claimed.

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

6 (3)(a) The claim **required under subsection (2) of this section** must be filed on or before April  
7 1 preceding the tax year for which the exemption is claimed, except:

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

12 (B) If a late filing fee is paid in the manner provided in ORS 307.162 (2), the claim may be filed  
13 within the time specified in ORS 307.162 (2).

14 (b) The exemption first applies for the tax year beginning July 1 of the year for which the claim  
15 is filed. The exemption continues as long as the ownership and use of the property remain un-  
16 changed and during the period of the lease, sublease or other grant of use and possession. If either  
17 the ownership or use changes, a new claim must be filed as provided in this section. If the lease,  
18 sublease or other grant of use and possession expires before July 1 of any year, the exemption ter-  
19 minates as of January 1 of the same calendar year.

20 (4)(a) **In lieu of filing a claim under subsection (2) of this section, the lessor, sublessor**  
21 **or person granting the use and possession of property that is exempt from taxation under**  
22 **ORS 307.040 or 307.090 to a lessee, sublessee or entity the property of which is eligible for**  
23 **exemption under ORS 307.040 or 307.090 must provide the assessor of the county in which the**  
24 **property is located with the following information as soon as practicable after execution of**  
25 **a lease, sublease or other grant of use and possession of the property:**

26 (A) **The name and address of the lessee, sublessee or possessor;**

27 (B) **Upon request of the assessor, a copy of the lease, sublease or other grant of use and**  
28 **possession of the property; and**

29 (C) **The location of the property.**

30 (b) **Upon compliance with paragraph (a) of this subsection, the property is exempt from**  
31 **taxation under this section during the term of the lease, sublease or other grant of use and**  
32 **possession.**

33 **SECTION 16.** **The amendments to ORS 307.166 by section 15 of this 2013 Act apply to**  
34 **leases, subleases and other grants of use and possession of property executed before, on or**  
35 **after the effective date of this 2013 Act.**

36 **SECTION 17.** ORS 307.548 is amended to read:

37 307.548. (1)(a) If the governing body that has granted an exemption under ORS 307.540 to  
38 307.548 to property in anticipation of future development of low income housing in connection with  
39 the exempt property finds that the property is being used for any purpose other than the provision  
40 of low income housing, or that any provision of ORS 307.540 to 307.548 is not being complied with,  
41 the governing body shall give notice of the proposed termination of the exemption to the owner, by  
42 mailing the notice to the last-known address of the owner, and to every known lender, by mailing  
43 the notice to the last-known address of every known lender.

44 (b) The notice **required under this subsection** shall state the reasons for the proposed termi-  
45 nation and shall require the owner to appear at a specified time, not less than 20 days after mailing

1 the notice, to show cause, if any, why the exemption should not be terminated.

2 (2) If the owner fails to appear and show cause why the exemption should not be terminated, the  
3 governing body shall notify every known lender, and shall allow any lender not less than 30 days  
4 after the date the notice of the failure to appear and show cause is mailed to cure any noncompli-  
5 ance or to provide assurance adequate to the governing body that all noncompliance *[shall]* **will** be  
6 remedied.

7 (3)(a) If the owner fails to appear and show cause why the exemption should not be terminated,  
8 and the lender fails to cure or give adequate assurance of the cure of any noncompliance, the gov-  
9 erning body shall adopt an ordinance or resolution stating its findings that terminate the exemption.

10 (b) A copy of the ordinance or resolution **required under this subsection** shall be filed within  
11 10 days after its adoption with the county assessor, and a copy shall be sent to the owner at the  
12 owner's last-known address and to the lender at the last-known address of the lender within 10 days  
13 after its adoption.

14 (4) Upon the county assessor's receipt of the governing body's termination findings:

15 (a) The exemption granted the housing unit or portion under ORS 307.540 to 307.548 *[shall ter-*  
16 *minate]* **terminates** immediately, without right of notice or appeal;

17 (b) The property shall be assessed and taxed as other property similarly situated is assessed and  
18 taxed; and

19 (c) Notwithstanding ORS 311.235, there shall be added to the general property tax roll for the  
20 tax year next following the presentation or discovery, to be collected and distributed in the same  
21 manner as other real property tax, an amount equal to the difference between the taxes assessed  
22 against the property and the taxes that would have been assessed against the property had it not  
23 been exempt under ORS 307.540 to 307.548 for each of the years, not to exceed the last 10 years,  
24 during which the property was exempt from taxation under ORS 307.540 to 307.548.

25 (5) **Notwithstanding subsection (4) of this section, if at the time of presentation or dis-**  
26 **covery, the property is no longer exempt, additional taxes may be collected as provided in**  
27 **subsection (4) of this section, except that the number of years for which the additional taxes**  
28 **shall be collected shall be reduced by one year for each year that has elapsed since the year**  
29 **the property was last granted exemption, beginning with the oldest year for which additional**  
30 **taxes are due.**

31 [(5)] (6) The assessment and tax rolls shall show potential additional tax liability for each  
32 property granted exemption under ORS 307.540 to 307.548 because the property is being held for  
33 future development of low income housing.

34 [(6)] (7) Additional taxes collected under this section shall be deemed to have been imposed in  
35 the year to which the additional taxes relate.

36 **SECTION 18.** ORS 307.864, as amended by section 11 of this 2013 Act, is amended to read:

37 307.864. (1) For the first tax year in which, as of the assessment date, a vertical housing devel-  
38 opment project is occupied or ready for occupancy following certification under ORS 307.857, and  
39 for the next nine consecutive tax years:

40 (a) The property of the vertical housing development project, except for the land of the project,  
41 shall be partially exempt from ad valorem property taxes imposed by local taxing districts, other  
42 than the districts that elected not to participate in the vertical housing development zone as de-  
43 scribed in ORS 307.844 (4), according to the following schedule and as identified in the certification  
44 issued by the department under ORS 307.857 (7):

45 (A) If the project consists of the equivalent of one equalized floor allocated to residential hous-



1 ing, the project shall be 20 percent exempt.

2 (B) If the project consists of the equivalent of two equalized floors allocated to residential  
3 housing, the project shall be 40 percent exempt.

4 (C) If the project consists of the equivalent of three equalized floors allocated to residential  
5 housing, the project shall be 60 percent exempt.

6 (D) If the project consists of the equivalent of four or more equalized floors allocated to resi-  
7 dential housing, the project shall be 80 percent exempt.

8 (b) The land of the vertical housing development project shall be partially exempt from ad  
9 valorem property taxes imposed by local taxing districts, other than the districts that elected not  
10 to participate in the vertical housing development zone as described in ORS 307.844 (4), in the same  
11 percentages determined under paragraph (a) of this subsection, for each equalized floor allocated to  
12 low income residential housing, as identified in the certification issued by the department under ORS  
13 307.857 (7).

14 (2) In order for the property of a vertical housing development project to receive the partial  
15 property tax exemption described in subsection (1) of this section, the vertical housing development  
16 project property owner, project applicant or other person responsible for the payment of property  
17 taxes on the project must notify the Housing and Community Services Department that the project  
18 is occupied or ready for occupancy, and the department must notify the assessor of the county in  
19 which the project is located, in the manner set forth in section 4 of this 2013 Act, that the project  
20 is occupied or ready for occupancy and has been certified by the department under ORS 307.857.

21 *[(3) During the period in which property would otherwise be partially exempt under subsection*  
22 *(1)(a) of this section, if all or a portion of a project has been decertified by the Housing and Community*  
23 *Services Department under ORS 307.861, the property shall be disqualified from exemption under this*  
24 *section in proportion to the equivalent of each equalized floor that has ceased qualifying as residential*  
25 *housing, as set forth in the notice of decertification.]*

26 *[(4) During the period in which land would otherwise be partially exempt under subsection (1)(b)*  
27 *of this section, if all or a portion of a project has been decertified by the Housing and Community*  
28 *Services Department under ORS 307.861, the land shall be disqualified from exemption under this*  
29 *section in proportion to the equivalent number of equalized floors that have ceased qualifying as low*  
30 *income residential housing, as set forth in the notice of decertification.]*

31 **SECTION 19.** Section 20 of this 2013 Act is added to and made a part of ORS 307.841 to  
32 307.867.

33 **SECTION 20.** (1)(a) During the period in which property of a vertical housing development  
34 project would otherwise be partially exempt under ORS 307.864 (1)(a), if all or a portion of  
35 the project has been decertified by the Housing and Community Services Department under  
36 ORS 307.861, the property is disqualified from exemption in proportion to the equivalent of  
37 each equalized floor that has ceased qualifying as residential housing, as set forth in the  
38 notice of decertification.

39 (b) During the period in which the land of a vertical housing development project would  
40 otherwise be partially exempt under ORS 307.864 (1)(b), if all or a portion of the project has  
41 been decertified by the Housing and Community Services Department under ORS 307.861, the  
42 land is disqualified from exemption in proportion to the equivalent number of equalized floors  
43 that have ceased qualifying as low income residential housing, as set forth in the notice of  
44 decertification.

45 (2) Notwithstanding ORS 307.864, there shall be added to the general property tax roll for

1 the tax year next following decertification described in subsection (1) of this section, to be  
2 collected and distributed in the same manner as other real property tax, an amount equal  
3 to the difference between the taxes assessed against the property and land granted ex-  
4 emption under ORS 307.864 and the taxes that would have been assessed against the property  
5 and land but for the exemption for each of the years, not to exceed the last 10 years, during  
6 which the property and land were exempt from taxation under ORS 307.864.

7 (3) Notwithstanding ORS 307.864, if after a period of exemption under ORS 307.864 has  
8 terminated the Housing and Community Services Department discovers that the property  
9 or land of a vertical housing development project was granted exemption to which the project  
10 was not entitled, additional taxes may be collected as provided in subsection (2) of this sec-  
11 tion, except that the number of years for which the additional taxes may be collected shall  
12 be reduced by one year for each year that has elapsed since the year the property or land  
13 was last granted exemption, beginning with the oldest year for which additional taxes are  
14 due.

15 (4) The assessment and tax rolls shall show potential additional tax liability for all prop-  
16 erty and land granted exemption under ORS 307.864.

17 (5) Additional taxes collected under this section shall be deemed to have been imposed in  
18 the year to which the additional taxes relate.

19 **SECTION 21.** (1) The amendments to ORS 307.548 by section 17 of this 2013 Act apply to  
20 property granted exemption under ORS 307.540 to 307.548 before, on or after the effective  
21 date of this 2013 Act.

22 (2) Section 20 of this 2013 Act and the amendments to ORS 307.864 by section 18 of this  
23 2013 Act apply to applications for exemption filed pursuant to ORS 307.857 on or after the  
24 effective date of this 2013 Act.

25 **SECTION 22.** ORS 307.495 is amended to read:

26 307.495. (1)(a) *[Each]* **A** nonprofit corporation claiming exemption under ORS 307.485 shall file  
27 with the county assessor **two copies of** a written claim *[therefor in five copies]* **for exemption** on  
28 or before April 1 of each assessment year for which the exemption is claimed[.].

29 **(b)** *[Except that when the property designated]* **Notwithstanding paragraph (a) of this sub-**  
30 **section, if the property for which exemption is claimed** is acquired after March 1 and before  
31 July 1, the claim shall be filed within 30 days after acquisition.

32 (2) The claim shall:

33 **(a)** Designate the property *[to which the exemption may apply, shall]* **for which exemption is**  
34 **claimed;**

35 **(b)** State the facts *[which]* **that** make the property eligible within the definitions of ORS  
36 307.480; **and** *[, and shall certify that the eligible farm labor camp or eligible child care facility is, to*  
37 *the best of taxpayer's knowledge, in compliance with the requirements of the State Fire Marshal, the*  
38 *health code for farm labor camps or is a certified child care facility.]*

39 **(c)** **Include all verifications required under subsection (3) of this section.**

40 **(3) The claim for exemption under this section must include written verification:**

41 **(a)** **By the State Fire Marshal that the property is in compliance with applicable laws and**  
42 **rules relating to safety from fire.**

43 **(b)** **If for a farm labor camp, by the appropriate authority under the Oregon Safe Em-**  
44 **ployment Act that the farm labor camp is in compliance with the health code for farm labor**  
45 **camps.**

1 (c) If for a child care facility, in whole or in part, by the Child Care Division that the  
2 child care facility is certified.

3 (4) Verification of compliance under subsection (3)(b) of this section may be denied if  
4 access to the farm labor camp for purposes of inspection is denied to the appropriate au-  
5 thority.

6 (5) If any verification required under subsection (3) of this section is refused by the ap-  
7 propriate authority or is otherwise not included with a claim for exemption, the county  
8 assessor shall deny the claim and cause the nonprofit corporation to be billed for the real  
9 and personal property taxes it would otherwise be liable to pay.

10 [(3)] (6) [No] An exemption [shall] may not be allowed for any year subsequent to the first year  
11 unless the corporation submits to the assessor details as to the rentals for the prior year and proof  
12 that the payments required by ORS 307.490 have been made.

13 **SECTION 23.** ORS 307.500 is amended to read:

14 307.500. (1) Immediately upon receipt of the claim, or any subsequent rental statement, **filed**  
15 **under ORS 307.495** the county assessor shall promptly transmit one copy of the claim to the De-  
16 partment of Revenue.

17 (2) The rent subsequently reported for the eligible child care facility or eligible farm labor camp  
18 for which the claim is made **under ORS 307.485** is subject to verification and modification by the  
19 Department of Revenue.

20 [(2) The county assessor shall promptly transmit one copy of each claim or statement for exemption  
21 to the State Fire Marshal for verification of compliance with applicable laws and rules and regulations  
22 relating to safety from fire. If the State Fire Marshal refuses such verification, the county assessor shall  
23 deny the claim and cause the nonprofit corporation to be billed for the real and personal property taxes  
24 it would otherwise be liable to pay.]

25 [(3) The county assessor shall promptly transmit one copy of each claim or statement for exemption  
26 of an eligible farm labor camp to the appropriate authority under the Oregon Safe Employment Act for  
27 verification of compliance with the health code for farm labor camps. That authority shall refuse to  
28 verify compliance if the farm labor camp does not comply with the health code applicable to it or if  
29 access to the camp for inspection has been denied the county assessor or the authorized representative  
30 of the county assessor. If verification is refused, the county assessor shall deny the claim and cause the  
31 nonprofit corporation to be billed for the real and personal property taxes it would otherwise be liable  
32 to pay.]

33 [(4) If the claim or statement or any part thereof applies to property used for an eligible child care  
34 facility, the county assessor shall promptly transmit a copy to the Child Care Division for verification  
35 of certification. If the division refuses such verification, the county assessor shall deny the claim and  
36 cause the nonprofit corporation to be billed for the real and personal property taxes it would otherwise  
37 be liable to pay.]

38 **SECTION 24.** The amendments to ORS 307.495 and 307.500 by sections 22 and 23 of this  
39 2013 Act apply to claims for exemption for assessment years beginning on or after January  
40 1, 2014.

41 **SECTION 25.** ORS 307.092 is amended to read:

42 307.092. (1) As used in this section, "property of a housing authority" includes, but is not limited  
43 to:

- 44 (a) Property that is held under lease or lease purchase agreement by the housing authority; and  
45 (b) Property of a partnership, nonprofit corporation or limited liability company for which the

1 housing authority is a general partner, limited partner, director, member, manager or general man-  
2 ager, if the property is leased or rented to persons of lower income for housing purposes.

3 (2)(a) *[Except as provided in subsection (3) of this section,]* The property of a housing authority  
4 is declared to be public property used for essential public and governmental purposes and, **upon**  
5 **compliance with ORS 307.162**, *[such]* **the** property and *[an]* **the housing** authority *[shall be]* **are**  
6 exempt from all taxes and special assessments of the city, the county, the state or any political  
7 subdivision *[thereof]* **of the city, county or state.**

8 (b) In lieu of *[such]* taxes or special assessments, *[an]* **the** authority may agree to make pay-  
9 ments to the city, county or *[any such]* political subdivision for improvements, services and facilities  
10 furnished by *[such]* **the** city, county or political subdivision for the benefit of a housing project, but  
11 in no event *[shall such]* **may the** payments exceed the estimated cost to the city, county or political  
12 subdivision of the improvements, services or facilities *[to be so]* furnished.

13 (3) *[The provisions of]* **Notwithstanding** subsection (2) of this section, *[regarding exemption from*  
14 *taxes and special assessments shall not apply to]* property of *[the]* **a** housing authority that is com-  
15 mercial property leased to a taxable entity **is not exempt from taxation and special assessments**  
16 **under this section.**

17 **SECTION 26.** ORS 307.162, as amended by section 3, chapter 42, Oregon Laws 2012, is amended  
18 to read:

19 307.162. (1)(a) Before any real or personal property may be exempted from taxation under ORS  
20 **307.092**, 307.115, 307.118, 307.130 to 307.140, 307.145, 307.147, 307.150, 307.160, 307.181 (3) or 307.580  
21 for any tax year, the institution or organization entitled to claim the exemption must file a claim  
22 with the county assessor, on or before April 1 preceding the tax year for which the exemption is  
23 claimed. The claim must contain statements, verified by the oath or affirmation of the president or  
24 other proper officer of the institution or organization, that:

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

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

28 (b) If the ownership of all property included in the claim filed with the county assessor for a  
29 prior year remains unchanged, a new claim is not required.

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

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

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

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

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

45 (i) Within 60 days after the date on which the county assessor mails notice of additional taxes

1 owing under ORS 311.206 for the property to which the claim filed under this subparagraph pertains;  
2 or

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

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

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

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

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

16 (3) As used in this section:

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

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

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

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

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

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

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

32 (b) The organization must file a claim for exemption with the county assessor to have the addi-  
33 tions or improvements to the exempt property be exempt from taxation. The claim must:

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

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

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

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

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

41 (c) Upon the county assessor's receipt of a completed claim and late filing fee, the assessor shall  
42 determine for each tax year for which exemption is sought whether the additions or improvements  
43 that are the subject of the claim would have qualified for exemption had a timely claim been filed  
44 under subsection (1) of this section. Any property that would have qualified for exemption had a  
45 timely claim been filed under subsection (1) of this section is exempt from taxation for each tax year

1 for which the property would have qualified.

2 (d) A claim for exemption under this subsection may be filed only for tax years for which the  
3 time for filing a claim under subsections (1) and (2)(a) of this section has expired. A claim filed under  
4 this subsection, however, may serve as the claim required under subsection (1) of this section for  
5 the current tax year.

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

7 (5) For each tax year for which an exemption granted pursuant to subsection (2) or (4) of this  
8 section applies:

9 (a) Any tax, or interest attributable thereto, that was paid with respect to the property that is  
10 declared exempt from taxation must be refunded. Refunds must be made without interest from the  
11 unsegregated tax collections account established under ORS 311.385.

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

14 (6) If an institution or organization owns property that is exempt from taxation under a pro-  
15 vision of law listed in subsection (1) of this section and changes the use of the property to a use that  
16 would not entitle the property to exemption from taxation, the institution or organization must no-  
17 tify the county assessor of the change to a taxable use within 30 days.

18 **SECTION 27. The amendments to ORS 307.092 and 307.162 by sections 25 and 26 of this**  
19 **2013 Act apply to claims for exemption for tax years beginning on or after July 1, 2014.**

20 **SECTION 28.** Section 4, chapter 656, Oregon Laws 2011, is amended to read:

21 **Sec. 4. (1)** The amendments to ORS 307.175 by section 3, **chapter 656, Oregon Laws 2011**, [*of*  
22 *this 2011 Act*] apply to tax years beginning on or after July 1, 2011[, *and before July 1, 2018*].

23 **(2) An exemption under ORS 307.175 may not be allowed for tax years beginning after**  
24 **July 1, 2017.**

25 **SECTION 29.** ORS 308.250 is amended to read:

26 308.250. (1) All personal property not exempt from ad valorem taxation or subject to special  
27 assessment shall be valued at 100 percent of its real market value, as of January 1, at 1:00 a.m. and  
28 shall be assessed at its assessed value determined as provided in ORS 308.146.

29 (2)(a) If the total assessed value of all taxable personal property required to be reported under  
30 ORS 308.290 in any county of any taxpayer is less than [*\$12,500*] **\$25,000** in any assessment year, the  
31 county assessor shall cancel the ad valorem tax assessment for property required to be reported  
32 under ORS 308.290 for that year.

33 (b) If, in a county with a population of more than 340,000, the total assessed value of all manu-  
34 factured structures taxable as personal property under ORS 308.875 of any taxpayer is less than  
35 \$12,500 in any assessment year, the county assessor shall cancel the ad valorem tax assessment for  
36 the manufactured structures for that year.

37 (3) In any assessment year or years following an assessment year for which taxes are canceled  
38 under subsection (2)(a) of this section, the taxpayer may meet the requirements of ORS 308.290 by  
39 filing, within the time required or extended under ORS 308.290, a verified statement with the county  
40 assessor indicating that the total assessed value of all taxable personal property of the taxpayer  
41 required to be reported under ORS 308.290 in the county is less than [*\$12,500*] **\$25,000**. The state-  
42 ment shall contain the name and address of the taxpayer, the information needed to identify the  
43 account and other pertinent information, but shall not be required to contain a listing or value of  
44 property or property additions or retirements.

45 (4)(a) For each tax year beginning on or after July 1, 2003, the Department of Revenue shall

1 recompute the maximum amount of the assessed value of taxable personal property in subsection  
2 (2)(a) and (b) of this section for which ad valorem property taxes may be canceled under this section.  
3 The computation shall be as follows:

4 (A) Divide the average U.S. City Average Consumer Price Index for the prior calendar year by  
5 the average U.S. City Average Consumer Price Index for 2002.

6 (B) Recompute the maximum amount of assessed value for which taxes may be canceled under  
7 subsection (2)(a) or (b) of this section by multiplying **\$25,000 or \$12,500, respectively**, by the ap-  
8 propriate indexing factor determined as provided in subparagraph (A) of this paragraph.

9 (b) As used in this subsection, "U.S. City Average Consumer Price Index" means the U.S. City  
10 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of  
11 Labor Statistics of the United States Department of Labor.

12 (c) If any change in the maximum amount of assessed value determined under paragraph (a) of  
13 this subsection is not a multiple of \$500, the increase shall be rounded to the nearest multiple of  
14 \$500.

15 **SECTION 30.** ORS 308.250, as amended by section 2, chapter 69, Oregon Laws 2010, is amended  
16 to read:

17 308.250. (1) All personal property not exempt from ad valorem taxation or subject to special  
18 assessment shall be valued at 100 percent of its real market value, as of January 1, at 1:00 a.m. and  
19 shall be assessed at its assessed value determined as provided in ORS 308.146.

20 (2) If the total assessed value of all taxable personal property required to be reported under ORS  
21 308.290 in any county of any taxpayer is less than [~~\$12,500~~] **\$25,000** in any assessment year, the  
22 county assessor shall cancel the ad valorem tax assessment for that year.

23 (3) In any assessment year or years following an assessment year for which taxes are canceled  
24 under subsection (2) of this section, the taxpayer may meet the requirements of ORS 308.290 by fil-  
25 ing, within the time required or extended under ORS 308.290, a verified statement with the county  
26 assessor indicating that the total assessed value of all taxable personal property of the taxpayer  
27 required to be reported under ORS 308.290 in the county is less than [~~\$12,500~~] **\$25,000**. The state-  
28 ment shall contain the name and address of the taxpayer, the information needed to identify the  
29 account and other pertinent information, but shall not be required to contain a listing or value of  
30 property or property additions or retirements.

31 (4)(a) For each tax year beginning on or after July 1, 2003, the Department of Revenue shall  
32 recompute the maximum amount of the assessed value of taxable personal property for which ad  
33 valorem property taxes may be canceled under this section. The computation shall be as follows:

34 (A) Divide the average U.S. City Average Consumer Price Index for the prior calendar year by  
35 the average U.S. City Average Consumer Price Index for 2002.

36 (B) Recompute the maximum amount of assessed value for which taxes may be canceled by  
37 multiplying [~~\$12,500~~] **\$25,000** by the appropriate indexing factor determined as provided in subpara-  
38 graph (A) of this paragraph.

39 (b) As used in this subsection, "U.S. City Average Consumer Price Index" means the U.S. City  
40 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of  
41 Labor Statistics of the United States Department of Labor.

42 (c) If any change in the maximum amount of assessed value determined under paragraph (a) of  
43 this subsection is not a multiple of \$500, the increase shall be rounded to the nearest multiple of  
44 \$500.

45 **SECTION 31.** The amendments to ORS 308.250 by sections 29 and 30 of this 2013 Act apply

1 to property tax years beginning on or after July 1, 2014.

2 SECTION 32. This 2013 Act takes effect on the 91st day after the date on which the 2013  
3 regular session of the Seventy-seventh Legislative Assembly adjourns sine die.

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