

# Senate Bill 312

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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**.

Redefines "area" to mean tax code area, for purposes of computing changed property ratio used to determine maximum assessed value for property after certain changes.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to the changed property ratio; creating new provisions; amending ORS 307.032, 308.149,  
3 308.156, 308.707, 358.487 and 358.505; and prescribing an effective date.

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

5 **SECTION 1.** ORS 308.149, as amended by section 2, chapter 30, Oregon Laws 2012, is amended  
6 to read:

7 308.149. As used in ORS 308.149 to 308.166:

8 (1)(a) "Area" means the [*county*] **code area as determined under ORS 310.147** in which prop-  
9 erty, the maximum assessed value of which is being adjusted, is located.

10 (b) [*except that*] **Notwithstanding paragraph (a) of this subsection**, "area" means this state,  
11 if the property for which the maximum assessed value is being adjusted is property that is centrally  
12 assessed under ORS 308.505 to 308.665.

13 (2)(a) "Average maximum assessed value" means the value determined by dividing the total  
14 maximum assessed value of all property in the same area in the same property class by the total  
15 number of properties in the same area in the same property class.

16 (b) In making the calculation described under this subsection, the following property is not  
17 taken into account:

18 (A) New property or new improvements to property;

19 (B) Property that is partitioned or subdivided;

20 (C) Property that is rezoned and used consistently with the rezoning;

21 (D) Property that is added to the assessment and tax roll as omitted property; or

22 (E) Property that is disqualified from exemption, partial exemption or special assessment.

23 (c) Paragraph (b)(B), (C), (D) and (E) of this subsection does not apply to the calculation of av-  
24 erage maximum assessed value in the case of property centrally assessed under ORS 308.505 to  
25 308.665.

26 (3)(a) "Average real market value" means the value determined by dividing the total real market  
27 value of all property in the same area in the same property class by the total number of properties  
28 in the same area in the same property class.

29 (b) In making the calculation described under this subsection, the following property is not  
30 taken into account:

**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 (A) New property or new improvements to property;
- 2 (B) Property that is partitioned or subdivided;
- 3 (C) Property that is rezoned and used consistently with the rezoning;
- 4 (D) Property that is added to the assessment and tax roll as omitted property; or
- 5 (E) Property that is disqualified from exemption, partial exemption or special assessment.

6 (c) Paragraph (b)(B), (C), (D) and (E) of this subsection does not apply to the calculation of average real market value in the case of property centrally assessed under ORS 308.505 to 308.665.

8 (4) "Lot line adjustment" means any addition to the square footage of the land for a real property tax account and a corresponding subtraction of square footage of the land from a contiguous real property tax account.

11 (5) "Minor construction" means additions of real property improvements, the real market value of which does not exceed \$10,000 in any assessment year or \$25,000 for cumulative additions made over five assessment years.

14 (6)(a) "New property or new improvements" means changes in the value of property as the result of:

16 (A) New construction, reconstruction, major additions, remodeling, renovation or rehabilitation of property;

18 (B) The siting, installation or rehabilitation of manufactured structures or floating homes; or

19 (C) The addition of machinery, fixtures, furnishings, equipment or other taxable real or personal property to the property tax account.

21 (b) "New property or new improvements" does not include changes in the value of the property as the result of:

23 (A) General ongoing maintenance and repair; or

24 (B) Minor construction.

25 (c) "New property or new improvements" includes taxable property that on January 1 of the assessment year is located in a different tax code area than on January 1 of the preceding assessment year.

28 (7)(a) "Property class" means the classification of property adopted by the Department of Revenue by rule pursuant to ORS 308.215[.].

30 (b) *[except that]* **Notwithstanding paragraph (a) of this subsection**, in the case of property assessed under ORS 308.505 to 308.665, "property class" means the total of all property set forth in the assessment roll prepared under ORS 308.540.

33 **SECTION 2.** ORS 307.032 is amended to read:

34 307.032. (1) Unless determined under a provision of law governing the partial exemption that applies to the property, the maximum assessed value and assessed value of partially exempt property shall be determined as follows:

37 (a) The maximum assessed value:

38 (A) For the first tax year in which the property is partially exempt, shall equal the real market value of the property, reduced by the value of the partial exemption, multiplied by the ratio, not greater than 1.00, of the average maximum assessed value over the average real market value for the tax year of property in the same *[area and]* property class **and area**.

42 (B) For each tax year after the first tax year in which the property is subject to the same partial exemption, shall equal 103 percent of the property's assessed value for the prior year or 100 percent of the property's maximum assessed value under this paragraph from the prior year, whichever is greater.

1 (b) The assessed value of the property shall equal the lesser of:

2 (A) The real market value of the property reduced by the partial exemption; or

3 (B) The maximum assessed value of the property under paragraph (a) of this subsection.

4 (2) Unless determined under a provision of law governing the special assessment, the maximum  
5 assessed value subject to special assessment and the assessed value of property subject to special  
6 assessment shall be determined as follows:

7 (a) The maximum assessed value:

8 (A) For the first tax year in which the property is specially assessed, shall equal the specially  
9 assessed value of the property multiplied by the ratio, not greater than 1.00, of the average maxi-  
10 mum assessed value over the average real market value for the tax year of property in the same  
11 [area and] property class **and area**.

12 (B) For each tax year after the first tax year in which property is subject to the same special  
13 assessment, shall equal 103 percent of the property's assessed value for the prior year or 100 percent  
14 of the property's maximum assessed value subject to special assessment from the prior year, which-  
15 ever is greater.

16 (b) The assessed value of the property shall equal the lesser of:

17 (A) The specially assessed value of the property as determined under the law establishing the  
18 special assessment; or

19 (B) The property's maximum assessed value subject to special assessment as determined under  
20 paragraph (a) of this subsection.

21 (3) As used in this section, "area" and "property class" have the meanings given those terms in  
22 ORS 308.149.

23 **SECTION 3.** ORS 308.156 is amended to read:

24 308.156. (1) If property is subdivided or partitioned after January 1 of the preceding assessment  
25 year and on or before January 1 of the current assessment year, then the property's maximum as-  
26 sessed value shall be established as provided under this section.

27 (2) If property is rezoned and, after January 1 of the preceding assessment year and on or before  
28 January 1 of the current assessment year, the property is used consistently with the rezoning, the  
29 property's maximum assessed value shall be established under this section.

30 (3)(a) For the first tax year for which property is added to the property tax account as omitted  
31 property, the property's maximum assessed value shall be established under this section.

32 (b) For tax years subsequent to the first tax year for which property is added to the property  
33 tax account as omitted property, the property's maximum assessed value shall be determined as  
34 otherwise provided by law, taking into account the maximum assessed value of the property as de-  
35 termined under this section.

36 (4)(a) If property was subject to exemption, partial exemption or special assessment as of the  
37 January 1 assessment date of the preceding assessment year and is disqualified from exemption,  
38 partial exemption or special assessment as of the January 1 of the current assessment year, the  
39 property's maximum assessed value shall be established under this section.

40 (b) If property described in this subsection is eligible for a different type of exemption, partial  
41 exemption or special assessment as of January 1 of the current assessment year, the property's  
42 maximum assessed value shall be established under the provision granting the partial exemption or  
43 special assessment.

44 (5) The property's maximum assessed value shall be the sum of:

45 (a) The maximum assessed value determined under ORS 308.146 that is allocable to that portion

1 of the property not affected by an event described in subsection (1), (2), (3) or (4)(a) of this section;  
 2 and

3 (b) The product of the real market value of that portion of the property that is affected by an  
 4 event described in subsection (1), (2), (3) or (4)(a) of this section multiplied by the ratio, not greater  
 5 than 1.00, of the average maximum assessed value over the average real market value for the as-  
 6 sessment year in the same [*area and*] property class **and area**.

7 (6) The property's assessed value for the year shall equal the lesser of:

8 (a) The property's maximum assessed value; or

9 (b) The property's real market value.

10 (7) The Department of Revenue shall provide by rule the method by which the allocations de-  
 11 scribed in subsection (5) of this section are to be made.

12 **SECTION 4.** ORS 308.707 is amended to read:

13 308.707. (1) The specially assessed value, maximum assessed value and assessed value of multi-  
 14 unit rental housing shall be determined under this section if:

15 (a) The property is subject to a government restriction on use; and

16 (b) The owner of the property has filed an application for special assessment under ORS 308.709  
 17 and that application has been approved.

18 (2) The specially assessed value of property assessed under this section shall be determined in  
 19 the manner elected by the property owner under ORS 308.712.

20 (3)(a) For the first tax year for which property is assessed under this section, the maximum as-  
 21 sessed value of property subject to special assessment under this section shall equal the product of  
 22 the specially assessed value of the property under subsection (2) of this section multiplied by the  
 23 ratio, not greater than 1.00, of the average maximum assessed value to the average real market  
 24 value of property in the same [*area and*] property class **and area** as the specially assessed property.

25 (b) For each tax year after the first tax year in which the property is assessed under this section  
 26 and prior to any disqualification from special assessment, the maximum assessed value of property  
 27 assessed under this section shall equal 103 percent of the property's assessed value from the prior  
 28 year or 100 percent of the property's maximum assessed value from the prior year, whichever is  
 29 greater.

30 (c) If omitted property is added to the property assessed under this section or a lot line adjust-  
 31 ment is made to property assessed under this section, the maximum assessed value of property sub-  
 32 ject to special assessment under this section shall be determined as prescribed in ORS 308.149 to  
 33 308.166, substituting the specially assessed value under subsection (2) of this section for real market  
 34 value.

35 (4) The assessed value of property subject to special assessment under this section shall equal  
 36 the lowest of:

37 (a) The specially assessed value of the property determined under subsection (2) of this section;

38 (b) The maximum assessed value of the property determined under subsection (3) of this section;

39 or

40 (c) The real market value of the property.

41 (5) For each tax year following the first tax year in which property is subject to special as-  
 42 sessment under this section, the owner of the multiunit rental housing must comply with any re-  
 43 quirements prescribed by the Department of Revenue by rule for the continued special assessment  
 44 of the property under this section.

45 (6) The definitions in ORS 308.149 apply to this section.

1        **SECTION 5.** ORS 358.487 is amended to read:

2        358.487. (1) An owner of historic property desiring classification and special assessment under  
3        ORS 358.487 to 358.543 for the property shall apply to the State Historic Preservation Officer on  
4        forms approved by the officer.

5        (2) The application must include or be accompanied by:

6        (a) A preservation plan as defined in ORS 358.480. The preservation plan must commit the ap-  
7        plicant to expend, within the first five years for which historic property special assessment is  
8        granted, an amount not less than 10 percent of the historic property's real market value determined  
9        as of the assessment date for the first tax year to which the historic property special assessment  
10       applies. The focus of the preservation plan must be on exterior features, especially those visible from  
11       a public way, and structural members of the property. The treatment of significant interior features,  
12       as determined by the State Historic Preservation Officer, may also be included in the plan, but un-  
13       less specifically required by the officer, work in bathrooms, kitchens, basements and attics is not  
14       included in the preservation plan. Work proposed in the plan must meet the historic rehabilitation  
15       standards.

16       (b) Payment of an application fee equal to:

17       (A) One-tenth of one percent of the assessed value of the property, as of the assessment date,  
18       for the year in which application is made; or

19       (B) For property that does not have an assessed value, one-tenth of one percent of the product  
20       of the real market value of the property for the tax year in which the application is made multiplied  
21       by the ratio of the average maximum assessed value over the average real market value for that tax  
22       year of property in the same [*area and*] property class **and area, as defined in ORS 308.149.**

23       (c) A copy of the property's current tax statement.

24       (d) Proof that the owner has property insurance on the property in an amount equal to the re-  
25       placement value of the property.

26       (e) The written consent of the owner to the viewing of the property by the State Historic Pres-  
27       ervation Officer.

28       (3) The application must be made before April 1 of the assessment year for which classification  
29       and special assessment as historic property are desired.

30       (4)(a) Property must be classified as historic property in order to be certified for historic prop-  
31       erty special assessment.

32       (b) Notwithstanding paragraph (a) of this subsection, property may be certified for historic  
33       property special assessment upon a determination of eligibility by the State Historic Preservation  
34       Officer under ORS 358.480 (11)(b) or (c). Property certified under this paragraph must become listed  
35       in the National Register of Historic Places within two years of certification under ORS 358.490.

36       (5) Classification and special assessment pursuant to an application made under this section are  
37       granted for 10 consecutive property tax years, starting in the tax year beginning on July 1 of the  
38       assessment year described in subsection (3) of this section.

39       (6) The application fee required under subsection (2) of this section shall be deposited in the  
40       State Parks and Recreation Department Fund for use by the State Parks and Recreation Director  
41       or for transfer to the Oregon Property Management Account established under ORS 358.680 to  
42       358.690, upon the advice of the State Advisory Committee on Historic Preservation. The application  
43       fee becomes nonrefundable after certification as described in ORS 358.495.

44       **SECTION 6.** ORS 358.505 is amended to read:

45       358.505. (1)(a) Except as provided in paragraphs (b) and (c) of this subsection, for property cer-

1 tified for special assessment as historic property under ORS 358.490, the county assessor shall for  
2 10 consecutive tax years list on the assessment and tax roll a specially assessed value that equals  
3 the assessed value of the property at the time application was made under ORS 358.487.

4 (b) If the property certified for special assessment as historic property was exempt or specially  
5 assessed at the time the application was made, the county assessor shall for 10 consecutive tax  
6 years list on the assessment and tax roll a specially assessed value that equals the product of the  
7 real market value of the property for the tax year in which the application was made multiplied by  
8 the ratio of the average maximum assessed value over the average real market value for that tax  
9 year of property in the same [area and] property class **and area, as defined in ORS 308.149.**

10 (c) If the property certified for special assessment as historic property is a condominium unit  
11 being assessed upon initial sale by the developer, the county assessor shall for the tax years of the  
12 remaining term of historic property special assessment list on the assessment and tax roll a specially  
13 assessed value that equals the product of the real market value of the property for the tax year in  
14 which the initial sale took place multiplied by the ratio of the average maximum assessed value over  
15 the average real market value for that tax year of property in the same [area and] property class  
16 **and area, as defined in ORS 308.149.**

17 (d) For property certified under ORS 358.490 for a second term of special assessment as historic  
18 property under ORS 358.540, the county assessor shall, for 10 consecutive tax years after the date  
19 of the filing of the application under ORS 358.487 for the second term, list on the assessment and  
20 tax roll a specially assessed value that equals the real market value of the property for the assess-  
21 ment year in which the application is made.

22 (2)(a) [Notwithstanding ORS 308.149 (2),] For the first tax year of an initial or second 10-year  
23 period of historic property special assessment, the maximum assessed value of property subject to  
24 historic property special assessment shall equal the specially assessed value of the property under  
25 subsection (1) of this section multiplied by the ratio, not greater than 1.00, of the maximum assessed  
26 value the property would have had if the property were not specially assessed over the real market  
27 value of the property.

28 (b) For each tax year after the first tax year during which the property is subject to special  
29 assessment as historic property, the property's maximum assessed value equals 103 percent of the  
30 property's assessed value from the prior year or 100 percent of the property's maximum assessed  
31 value from the prior year, whichever is greater.

32 (3) The assessed value of property that is classified as historic property for the tax year shall  
33 equal the lesser of:

34 (a) The property's specially assessed value as determined under subsection (1) of this section;

35 (b) The property's maximum assessed value as determined under subsection (2) of this section;

36 or

37 (c) The property's real market value as of the assessment date for the tax year.

38 (4) The entitlement of property to the special assessment provisions of this section shall be de-  
39 termined as of July 1. If the property becomes disqualified on or after July 1, its assessment for that  
40 year shall continue as provided in this section.

41 (5) Assessed value, as defined and determined under ORS 308.146, shall be determined for prop-  
42 erty classified as historic property by the county assessor each year. The assessed value so deter-  
43 mined for any year shall be subject to appeal to the county board of property tax appeals within the  
44 time and in the manner provided in ORS chapter 309 and shall be subject to appeal thereafter to the  
45 Oregon Tax Court and to the Oregon Supreme Court within the time and in the manner provided

1 for appeals of value determination for purposes of ad valorem property taxation.

2 **SECTION 7. The amendments to ORS 307.032, 308.149, 308.156, 308.707, 358.487 and 358.505**  
3 **by sections 1 to 6 of this 2013 Act apply to property tax years beginning on or after July 1,**  
4 **2013.**

5 **SECTION 8. This 2013 Act takes effect on the 91st day after the date on which the 2013**  
6 **regular session of the Seventy-seventh Legislative Assembly adjourns sine die.**

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