

Senate Bill 313

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Finance and Revenue)

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**.

Provides that maximum assessed value of property equals greater of 103 percent of assessed value from prior year or 103 percent of maximum assessed value from prior year. 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 maximum assessed value of property; creating new provisions; amending ORS 307.032,
3 308.146, 308.707, 308A.107, 308A.256, 308A.315, 321.354, 321.722, 321.833 and 358.505; and pre-
4 scribing an effective date.

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

6 **SECTION 1.** ORS 308.146 is amended to read:

7 308.146. (1) The maximum assessed value of property shall equal 103 percent of the property's
8 assessed value from the prior year or [100] **103** percent of the property's maximum assessed value
9 from the prior year, whichever is greater.

10 (2) Except as provided in subsections (3) and (4) of this section, the assessed value of property
11 to which this section applies shall equal the lesser of:

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

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

14 (3) Notwithstanding subsections (1) and (2) of this section, the maximum assessed value and as-
15 sessed value of property shall be determined as provided in ORS 308.149 to 308.166 if:

16 (a) The property is new property or new improvements to property;

17 (b) The property is partitioned or subdivided;

18 (c) The property is rezoned and used consistently with the rezoning;

19 (d) The property is first taken into account as omitted property;

20 (e) The property becomes disqualified from exemption, partial exemption or special assessment;

21 or

22 (f) A lot line adjustment is made with respect to the property, except that the total assessed
23 value of all property affected by a lot line adjustment shall not exceed the total maximum assessed
24 value of the affected property under subsection (1) of this section.

25 (4) Notwithstanding subsections (1) and (2) of this section, if property is subject to partial ex-
26 emption or special assessment, the property's maximum assessed value and assessed value shall be
27 determined as provided under the provisions of law governing the partial exemption or special as-
28 sessment.

29 (5)(a) Notwithstanding subsection (1) of this section, when a portion of property is destroyed or

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 damaged due to fire or act of God, for the year in which the destruction or damage is reflected by
2 a reduction in real market value, the maximum assessed value of the property shall be reduced to
3 reflect the loss from fire or act of God.

4 (b) This subsection does not apply:

5 (A) To any property that is assessed under ORS 308.505 to 308.665.

6 (B) If the damaged or destroyed property is property that, when added to the assessment and
7 tax roll, constituted minor construction for which no adjustment to maximum assessed value was
8 made.

9 (c) As used in this subsection, "minor construction" has the meaning given that term in ORS
10 308.149.

11 (6)(a) If, during the period beginning on January 1 and ending on July 1 of an assessment year,
12 any real or personal property is destroyed or damaged, the owner or purchaser under a recorded
13 instrument of sale in the case of real property, or the person assessed, person in possession or owner
14 in the case of personal property, may apply to the county assessor to have the real market and as-
15 sessed value of the property determined as of July 1 of the current assessment year.

16 (b) The person described in paragraph (a) of this subsection shall file an application for assess-
17 ment under this section with the county assessor on or before the later of:

18 (A) August 1 of the current year; or

19 (B) The 60th day following the date on which the property was damaged or destroyed.

20 (c) If the conditions described in this subsection are applicable to the property, then
21 notwithstanding ORS 308.210, the property shall be assessed as of July 1, at 1:00 a.m. of the as-
22 sessment year, in the manner otherwise provided by law.

23 (7)(a) Paragraph (b) of this subsection applies if:

24 (A) A conservation easement or highway scenic preservation easement is in effect on the as-
25 sessment date;

26 (B) The tax year is the first tax year in which the conservation easement or highway scenic
27 preservation easement is taken into account in determining the property's assessed value; and

28 (C) A report has been issued by the county assessor under ORS 271.729 within 12 months pre-
29 ceding or following the date the easement was recorded.

30 (b) The assessed value of the property shall be as determined in the report issued under ORS
31 271.729, but may be further adjusted by changes in value as a result of any of the factors described
32 in ORS 309.115 (2), to the extent adjustments do not cause the assessed value of the property to
33 exceed the property's maximum assessed value.

34 (8)(a) Notwithstanding subsection (1) of this section, when a building is demolished or removed
35 from property, for the year in which the demolition or removal of the building is reflected by a
36 reduction in real market value, the maximum assessed value of the property may be reduced to re-
37 flect the demolition or removal of the building.

38 (b) This subsection does not apply:

39 (A) To any property that is assessed under ORS 308.505 to 308.665.

40 (B) If the demolished or removed property is property that, when added to the assessment and
41 tax roll, constituted minor construction for which no adjustment to maximum assessed value was
42 made.

43 (c) To receive the reduction in maximum assessed value of the property under this subsection,
44 the property owner must file an application with the county assessor after the demolition or re-
45 moval and on or before December 31 following the assessment date if the demolition or removal

1 occurred:

2 (A) Before the January 1 assessment date; or

3 (B) During the period beginning January 1 and ending on the July 1 assessment date if the
4 property owner has applied to have the real market and assessed value of the property determined
5 under subsection (6) of this section.

6 (d) As used in this subsection:

7 (A) “Minor construction” has the meaning given that term in ORS 308.149.

8 (B) “Property owner” means an owner or purchaser under a recorded instrument of sale in the
9 case of real property, or the person assessed, person in possession or owner in the case of personal
10 property.

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

12 307.032. (1) Unless determined under a provision of law governing the partial exemption that
13 applies to the property, the maximum assessed value and assessed value of partially exempt property
14 shall be determined as follows:

15 (a) The maximum assessed value:

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

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

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

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

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

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

30 (a) The maximum assessed value:

31 (A) For the first tax year in which the property is specially assessed, shall equal the specially
32 assessed value of the property multiplied by the ratio, not greater than 1.00, of the average maxi-
33 mum assessed value over the average real market value for the tax year of property in the same
34 area and property class.

35 (B) For each tax year after the first tax year in which property is subject to the same special
36 assessment, shall equal 103 percent of the property’s assessed value for the prior year or [100] **103**
37 percent of the property’s maximum assessed value subject to special assessment from the prior year,
38 whichever is greater.

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

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

42 (B) The property’s maximum assessed value subject to special assessment as determined under
43 paragraph (a) of this subsection.

44 (3) As used in this section, “area” and “property class” have the meanings given those terms in
45 ORS 308.149.

SECTION 3. ORS 308.707 is amended to read:

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

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

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

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

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

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

(c) If omitted property is added to the property assessed under this section or a lot line adjustment is made to property assessed under this section, the maximum assessed value of property subject to special assessment under this section shall be determined as prescribed in ORS 308.149 to 308.166, substituting the specially assessed value under subsection (2) of this section for real market value.

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

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

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

or

(c) The real market value of the property.

(5) For each tax year following the first tax year in which property is subject to special assessment under this section, the owner of the multiunit rental housing must comply with any requirements prescribed by the Department of Revenue by rule for the continued special assessment of the property under this section.

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

SECTION 4. ORS 308A.107 is amended to read:

308A.107. (1) The value for farm use, maximum assessed value and assessed value shall be determined under this section for both:

(a) Exclusive farm use zone farmland that qualifies for special assessment under ORS 308A.062; and

(b) Nonexclusive farm use zone farmland that qualifies for special assessment under ORS 308A.068.

(2) The value for farm use for each property subject to special assessment under this section shall equal the applicable value derived from the tables created pursuant to ORS 308A.092 for the tax year multiplied by the acreage of the property within the applicable class and area.

(3)(a) The maximum assessed value for property subject to special assessment under this section

1 shall be determined as provided in this subsection.

2 (b) The county assessor shall develop tables for each tax year that provide, for each class and
 3 area, a maximum assessed value per acre that is equal to 103 percent of the assessed value per acre
 4 for the preceding tax year or [100] **103** percent of the maximum assessed value per acre for the
 5 preceding tax year, whichever is greater.

6 (4) Property subject to special assessment under this section shall have an assessed value for
 7 the tax year equal to the acreage of the property that is within the same class and area multiplied
 8 by the lesser of the value per acre applicable to the property under subsection (2) of this section
 9 or under subsection (3) of this section.

10 (5) If property subject to special assessment under this section consists of different classes, the
 11 assessed value of the property shall be the sum of the assessed values computed for each applicable
 12 class under subsection (4) of this section.

13 (6) Property that newly qualifies for farm use special assessment shall, for the first tax year for
 14 which the special assessment applies, have:

15 (a) A value for farm use as determined under subsection (2) of this section;

16 (b) A maximum assessed value as determined under the tables developed under subsection (3)
 17 of this section; and

18 (c) An assessed value as determined under subsections (4) and (5) of this section.

19 **SECTION 5.** ORS 308A.256 is amended to read:

20 308A.256. (1) The maximum assessed value and assessed value of a homesite shall be determined
 21 as provided in this section.

22 (2) A homesite shall have an assessed value for ad valorem property tax purposes for the tax
 23 year equal to the lesser of the homesite's maximum assessed value or homesite value.

24 (3) The homesite value for purposes of ORS 308A.250 to 308A.259 shall equal the real market
 25 value of the bare land of the total parcel and contiguous acres under same ownership, as determined
 26 under ORS 308.205, divided by the number of acres in the total parcel and contiguous acres under
 27 the same ownership, plus the lesser of:

28 (a) \$4,000; or

29 (b) The depreciated replacement cost of land improvements necessary to establish the homesite.

30 (4) For the purposes of establishing a homesite value, the value of one acre of land for each
 31 homesite, as determined in subsection (3) of this section shall be used.

32 (5) The homesite's maximum assessed value shall equal 103 percent of the homesite's assessed
 33 value for the previous tax year or [100] **103** percent of the homesite's maximum assessed value for
 34 the previous tax year, whichever is greater.

35 (6) For the first tax year for which property constitutes a homesite under this section, the
 36 homesite's maximum assessed value shall equal the homesite's value as determined under subsection
 37 (3) of this section multiplied by the ratio of average maximum assessed value to real market value
 38 of the residential property class in the county.

39 **SECTION 6.** ORS 308A.315 is amended to read:

40 308A.315. (1) The maximum assessed value and assessed value of land classified as open space
 41 land under ORS 308A.300 to 308A.330 shall be determined as provided in this section.

42 (2) Land classified as open space land shall have an assessed value for the tax year equal to the
 43 lesser of the land's maximum assessed value or the land's open space value determined under sub-
 44 section (5) of this section.

45 (3) The land's maximum assessed value shall equal 103 percent of the land's assessed value for

1 the previous tax year or [100] **103** percent of the land's maximum assessed value for the previous tax
2 year, whichever is greater.

3 (4)(a) For the first tax year for which the land is classified as open space land, the land shall
4 have a maximum assessed value equal to the land's open space value determined under subsection
5 (5) of this section multiplied by the ratio of the total maximum assessed value of all open space land
6 within the county over the total open space value of all open space land in the county.

7 (b) If there is an insufficient amount of land classified as open space land in a county to permit
8 a statistically reliable ratio to be determined under paragraph (a) of this subsection, the statewide
9 totals of maximum assessed value of open space land and open space value shall be used in deter-
10 mining the ratio.

11 (c) The Department of Revenue shall prescribe rules setting forth the minimum amount of open
12 space land in a county needed to establish a statistically reliable ratio.

13 (5) The open space value of land classified as such under ORS 308A.300 to 308A.330 shall be the
14 land's real market value under ORS 308.205:

15 (a) Assuming the highest and best use of the land to be the current open space use, such as
16 park, sanctuary or golf course. The assessor shall not consider alternative uses to which the land
17 might be put.

18 (b) Valuing the improvements on the land, if any, as required by ORS 308.205.

19 **SECTION 7.** ORS 321.354 is amended to read:

20 321.354. (1)(a) The Department of Revenue shall identify the forestland that is held in common
21 ownership of 5,000 acres or more as of the assessment date for each tax year.

22 (b) Forestland that the department has identified under paragraph (a) of this subsection that, for
23 the previous tax year, was subject to small tract forestland assessment shall be disqualified from
24 small tract forestland assessment and shall be subject to special assessment as provided in this
25 section as of the first tax year the forestland is held in common ownership of 5,000 acres or more.

26 (c) For purposes of this subsection, "forestland" includes land that meets the definition of
27 forestland under ORS 321.805.

28 (2) Forestland assessed under this section shall have a specially assessed value per acre equal
29 to the value certified to the county assessor for the tax year under ORS 321.216 for the applicable
30 land class of the forestland.

31 (3) For each land class described in ORS 321.210, the forestland maximum assessed value per
32 acre shall equal 103 percent of the forestland assessed value per acre for the preceding tax year or
33 [100] **103** percent of the forestland maximum assessed value per acre for the preceding tax year,
34 whichever is greater.

35 (4)(a) The assessor shall compute the assessed value of forestland by multiplying the acreage of
36 the forestland in each land class by the lesser of:

37 (A) The specially assessed value per acre; or

38 (B) The maximum assessed value per acre.

39 (b) If the forestland being assessed consists of different land classes, the assessed value of the
40 forestland shall be the sum of the assessed values computed for each land class under paragraph (a)
41 of this subsection.

42 (5) Notwithstanding subsection (4) of this section, the forestland shall be assessed as provided
43 in ORS 308.232 if the real market value of the forestland is less than the value established under
44 subsection (4) of this section.

45 (6) For purposes of this section:

1 (a) The department shall certify to the county assessor of a county in which forestland identified
2 in subsection (1) of this section is located a list of the property tax accounts containing forestland
3 so identified.

4 (b) Forestland shall be considered to be in common ownership if the forestland is owned by the
5 person directly or is owned by a corporation, partnership, association or other entity in which the
6 person owns a majority interest.

7 (c) Additional taxes may not be imposed as a result of a disqualification under subsection (1)
8 of this section.

9 (d) The notification requirements and other procedures that the county assessor must follow in
10 disqualifying forestland do not apply to a disqualification occurring under subsection (1) of this
11 section.

12 (e) The department shall notify the county assessor of forestland identified under subsection
13 (1)(a) of this section that is located in that county.

14 **SECTION 8.** ORS 321.722 is amended to read:

15 321.722. (1) Small tract forestland shall have a specially assessed value per acre:

16 (a) Equal to 20 percent of the specially assessed value per acre determined under ORS 321.354,
17 if located in western Oregon; or

18 (b) Equal to 20 percent of the specially assessed value per acre determined under ORS 321.833,
19 if located in eastern Oregon.

20 (2) For each land class, the maximum assessed value per acre of small tract forestland shall
21 equal 103 percent of the small tract forestland assessed value per acre for the preceding tax year
22 or [100] **103** percent of the small tract forestland maximum assessed value per acre for the preceding
23 tax year, whichever is greater.

24 (3) The county assessor shall compute the assessed value of small tract forestland by multiplying
25 the acreage of the small tract forestland in each land class by the lesser of:

26 (a) The specially assessed value per acre; or

27 (b) The maximum assessed value per acre.

28 (4) If the small tract forestland being assessed consists of different land classes, the assessed
29 value of the small tract forestland shall be the sum of the assessed values computed for each land
30 class under subsection (3) of this section.

31 **SECTION 9.** ORS 321.833 is amended to read:

32 321.833. (1)(a) The Department of Revenue shall identify the forestland that is held in common
33 ownership of 5,000 acres or more as of the assessment date for each tax year.

34 (b) Forestland that the department has identified under paragraph (a) of this subsection that, for
35 the previous tax year, was subject to small tract forestland assessment shall be disqualified from any
36 small tract forestland assessment and shall be subject to special assessment as provided in this
37 section as of the first tax year the forestland is held in common ownership of 5,000 acres or more.

38 (c) For purposes of this subsection, "forestland" includes land that meets the definition of
39 forestland under ORS 321.257.

40 (2) Forestland assessed under this section shall have a specially assessed value per acre equal
41 to the value certified to the county assessor for the tax year under ORS 321.216.

42 (3) Forestland assessed under this section shall have a maximum assessed value per acre equal
43 to 103 percent of the forestland assessed value per acre for the preceding tax year or [100] **103**
44 percent of the forestland maximum assessed value per acre for the preceding tax year, whichever
45 is greater.

1 (4)(a) The assessor shall compute the assessed value of forestland by multiplying the acreage of
2 the forestland by the lesser of:

3 (A) The specially assessed value per acre; or

4 (B) The maximum assessed value per acre.

5 (b) Notwithstanding paragraph (a) of this subsection, the forestland shall be assessed as provided
6 in ORS 308.232 if the real market value of the forestland is less than the value established under
7 paragraph (a) of this subsection.

8 (5) For purposes of this section:

9 (a) The department shall certify to the county assessor of a county in which forestland identified
10 in subsection (1) of this section is located a list of the property tax accounts containing forestland
11 so identified.

12 (b) Forestland shall be considered to be in common ownership if the forestland is owned by the
13 person directly or is owned by a corporation, partnership, association or other entity in which the
14 person owns a majority interest.

15 (c) Additional taxes may not be imposed as a result of a disqualification under subsection (1)
16 of this section.

17 (d) The notification requirements and other procedures that the county assessor must follow in
18 disqualifying forestland do not apply to a disqualification occurring under subsection (1) of this
19 section.

20 (e) The department shall notify the county assessor of forestland identified under subsection
21 (1)(a) of this section that is located in that county.

22 **SECTION 10.** ORS 358.505 is amended to read:

23 358.505. (1)(a) Except as provided in paragraphs (b) and (c) of this subsection, for property cer-
24 tified for special assessment as historic property under ORS 358.490, the county assessor shall for
25 10 consecutive tax years list on the assessment and tax roll a specially assessed value that equals
26 the assessed value of the property at the time application was made under ORS 358.487.

27 (b) If the property certified for special assessment as historic property was exempt or specially
28 assessed at the time the application was made, the county assessor shall for 10 consecutive tax
29 years list on the assessment and tax roll a specially assessed value that equals the product of the
30 real market value of the property for the tax year in which the application was made multiplied by
31 the ratio of the average maximum assessed value over the average real market value for that tax
32 year of property in the same area and property class.

33 (c) If the property certified for special assessment as historic property is a condominium unit
34 being assessed upon initial sale by the developer, the county assessor shall for the tax years of the
35 remaining term of historic property special assessment list on the assessment and tax roll a specially
36 assessed value that equals the product of the real market value of the property for the tax year in
37 which the initial sale took place multiplied by the ratio of the average maximum assessed value over
38 the average real market value for that tax year of property in the same area and property class.

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

44 (2)(a) [*Notwithstanding ORS 308.149 (2),*] For the first tax year of an initial or second 10-year
45 period of historic property special assessment, the maximum assessed value of property subject to

1 historic property special assessment shall equal the specially assessed value of the property under
 2 subsection (1) of this section multiplied by the ratio, not greater than 1.00, of the maximum assessed
 3 value the property would have had if the property were not specially assessed over the real market
 4 value of the property.

5 (b) For each tax year after the first tax year during which the property is subject to special
 6 assessment as historic property, the property's maximum assessed value equals 103 percent of the
 7 property's assessed value from the prior year or [100] **103** percent of the property's maximum as-
 8 sessed value from the prior year, whichever is greater.

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

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

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

13 or

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

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

18 (5) Assessed value, as defined and determined under ORS 308.146, shall be determined for prop-
 19 erty classified as historic property by the county assessor each year. The assessed value so deter-
 20 mined for any year shall be subject to appeal to the county board of property tax appeals within the
 21 time and in the manner provided in ORS chapter 309 and shall be subject to appeal thereafter to the
 22 Oregon Tax Court and to the Oregon Supreme Court within the time and in the manner provided
 23 for appeals of value determination for purposes of ad valorem property taxation.

24 **SECTION 11. The amendments to ORS 307.032, 308.146, 308.707, 308A.107, 308A.256,**
 25 **308A.315, 321.354, 321.722, 321.833 and 358.505 by sections 1 to 10 of this 2013 Act apply to**
 26 **property tax years beginning on or after July 1, 2014.**

27 **SECTION 12. This 2013 Act takes effect on the 91st day after the date on which the 2013**
 28 **regular session of the Seventy-seventh Legislative Assembly adjourns sine die.**

29