

Senate Bill 749

Sponsored by Senator KNOPP

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**.

Changes determination of assessed value of property to be least of maximum assessed value, real market value or _____ of prior year's assessed value.

Applies to property tax years beginning on or after July 1, 2013.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to assessed value; creating new provisions; amending ORS 307.032, 308.146, 308.153, 308.156
3 and 358.505; and prescribing an effective date.

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

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

6 308.146. (1) The maximum assessed value of property shall equal 103 percent of the property's
7 assessed value from the prior year or 100 percent of the property's maximum assessed value from
8 the prior year, whichever is greater.

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

11 (a) The property's maximum assessed value; [*or*]

12 (b) The property's real market value; **or**

13 (c) _____ **percent of the property's assessed value from the prior year.**

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
30 damaged due to fire or act of God, for the year in which the destruction or damage is reflected by

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 reduction in real market value, the maximum assessed value of the property shall be reduced to
2 reflect the loss from fire or act of God.

3 (b) This subsection does not apply:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

37 (b) This subsection does not apply:

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

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

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

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

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

5 (d) As used in this subsection:

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

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

10 **SECTION 2.** ORS 308.153 is amended to read:

11 308.153. (1) If new property is added to the assessment roll or improvements are made to prop-
 12 erty as of January 1 of the assessment year, the maximum assessed value of the property shall be
 13 the sum of:

14 (a) The maximum assessed value determined under ORS 308.146; and

15 (b) The product of the value of the new property or new improvements determined under sub-
 16 section (2)(a) of this section multiplied by the ratio, not greater than 1.00, of the average maximum
 17 assessed value over the average real market value for the assessment year.

18 (2)(a) The value of new property or new improvements shall equal the real market value of the
 19 new property or new improvements reduced (but not below zero) by the real market value of re-
 20 tirements from the property tax account.

21 (b) If the maximum assessed value of property is adjusted for fire or act of God or for
 22 demolition or removal of a building under ORS 308.146, the reduction in real market value due
 23 to fire or act of God or demolition or removal of the building may not be considered to be a re-
 24 tirement under this subsection.

25 (3) The property’s assessed value for the year shall equal the [lesser] **least** of:

26 (a) The property’s maximum assessed value; [or]

27 (b) The property’s real market value; **or**

28 (c) _____ **percent of the property’s assessed value from the prior year.**

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

30 308.156. (1) If property is subdivided or partitioned after January 1 of the preceding assessment
 31 year and on or before January 1 of the current assessment year, then the property’s maximum as-
 32 sessed value shall be established as provided under this section.

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

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

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

42 (4)(a) If property was subject to exemption, partial exemption or special assessment as of the
 43 January 1 assessment date of the preceding assessment year and is disqualified from exemption,
 44 partial exemption or special assessment as of the January 1 of the current assessment year, the
 45 property’s maximum assessed value shall be established under this section.

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

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

6 (a) The maximum assessed value determined under ORS 308.146 that is allocable to that portion
 7 of the property not affected by an event described in subsection (1), (2), (3) or (4)(a) of this section;
 8 and

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

13 (6) The property's assessed value for the year shall equal the [lesser] **least** of:

14 (a) The property's maximum assessed value; [or]

15 (b) The property's real market value; **or**

16 (c) _____ **percent of the property's assessed value from the prior year.**

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

19 **SECTION 4.** ORS 358.505 is amended to read:

20 358.505. (1)(a) Except as provided in paragraphs (b) and (c) of this subsection, for property cer-
 21 tified for special assessment as historic property under ORS 358.490, the county assessor shall for
 22 10 consecutive tax years list on the assessment and tax roll a specially assessed value that equals
 23 the assessed value of the property at the time application was made under ORS 358.487.

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

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

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

41 (2)(a) Notwithstanding ORS 308.149 (2), for the first tax year of an initial or second 10-year pe-
 42 riod of historic property special assessment, the maximum assessed value of property subject to
 43 historic property special assessment shall equal the specially assessed value of the property under
 44 subsection (1) of this section multiplied by the ratio, not greater than 1.00, of the maximum assessed
 45 value the property would have had if the property were not specially assessed over the real market

1 value of the property.

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

6 (3) The assessed value of property that is classified as historic property for the tax year shall
 7 equal the [lesser] **least** of:

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

9 (b) The property's maximum assessed value as determined under subsection (2) of this section;
 10 [or]

11 (c) The property's real market value as of the assessment date for the tax year; **or**

12 **(d) _____ percent of the property's assessed value from the prior year.**

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

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

22 **SECTION 5.** ORS 307.032 is amended to read:

23 307.032. (1) Unless determined under a provision of law governing the partial exemption that
 24 applies to the property, the maximum assessed value and assessed value of partially exempt property
 25 shall be determined as follows:

26 (a) The maximum assessed value:

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

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

35 (b) The assessed value of the property shall equal the [lesser] **least** of:

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

37 (B) The maximum assessed value of the property under paragraph (a) of this subsection[.]; **or**

38 **(C) _____ percent of the property's assessed value from the prior year.**

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

42 (a) The maximum assessed value:

43 (A) For the first tax year in which the property is specially assessed, shall equal the specially
 44 assessed value of the property multiplied by the ratio, not greater than 1.00, of the average maxi-
 45 mum assessed value over the average real market value for the tax year of property in the same

1 area and property class.

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

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

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

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

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

13 **SECTION 6. The amendments to ORS 307.032, 308.146, 308.153, 308.156 and 358.505 by**
14 **sections 1 to 5 of this 2013 Act apply to property tax years beginning on or after July 1, 2013.**

15 **SECTION 7. This 2013 Act takes effect on the 91st day after the date on which the 2013**
16 **regular session of the Seventy-seventh Legislative Assembly adjourns sine die.**

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