

April 24, 2015

Rep. Phil Barnhart, Chair
House Committee on Revenue
State Capitol Building, Room H-279
900 Court Street, NE
Salem, OR 97301

RE: HB 2690 -1

Dear Rep. Barnhart:

I understand there are some concerns with the number of years that HB 2690 -1 grants a property tax exemption for properties owned by a nonprofit corporation that is being held to construct a residence for low income families. The seven years (10 years if granted an extension) covers the period between when the nonprofit purchases the property to when the house is constructed and transferred to the low income family.

I thought it would be helpful to report the position of the Oregon State Association of County Assessors (OSACA) on HB 2690 -1.

As we have testified on other property tax bills before your committee, OSACA does not take a position on bills granting these exemptions. The question of what property should be taxable and what property should be exempt is strictly a matter of public policy for the Legislature to determine. We only ask that the policy be clear, with specific criteria in statute so that the exemption can be administered fairly, accurately and consistently.

The current statute, ORS 307.130, which grants an exemption for properties used exclusively for charitable purposes does not, in our opinion, meet that standard. Currently, two counties (Jackson and Yamhill) allow an exemption for the bare land. Other counties will approve an exemption once a building permit has been issued while some counties only exempt properties once construction has begun. At least one county (Multnomah) never approve these properties for exemption under ORS 307.130.

This inconsistency is not good public policy.

HB 2690 -1 corrects that problem by creating a separate statute just for this type of property. The new statute limits the nonprofit corporations that qualify for the exemption and clearly identifies what properties are to be granted an exemption and for how long. (The original version of the bill had no time limits whatsoever.) There is also a substantial penalty if, after seven years (10 years if an extension has been granted) a home has not been constructed and sold to a low income family. (Again, the original bill had no such penalty.)

So from an administrative standpoint, OSACA feels the HB 2690 -1 is an improvement over not only the current statute but also the original version of the bill.

I hope this is helpful. Please let me know if you should have any questions.

Tom Linhares,
OSACA

