

**REVENUE IMPACT OF
PROPOSED LEGISLATION
Seventy-Eighth Oregon Legislative
Assembly
2015 Regular Session
Legislative Revenue Office**

**Bill Number: HB 2126 - 3
Revenue Area: Property Tax
Economist: Kyle Easton
Date: 5/7/2015**

***Only Impacts on Original or Engrossed
Versions are Considered Official***

Measure Description:

Adds definition of "nonresidential use" for purposes of vertical housing development zone program. Nonresidential use is defined as any use that is not exclusively residential use. Extends sunset date for new vertical housing zone designation and application for exemption to January 1, 2026. Allows any local taxing district to elect not to participate in a vertical housing development zone. Electing not to participate has the effect of allowing district to continue imposing tax on property otherwise exempt under vertical housing partial exemption. Definitional change applies to property tax years beginning on or after July 1, 2015. Allowing any local taxing district to opt out of exemption takes effect on 91st day following adjournment sine die.

Revenue Impact (in \$Millions): No direct revenue impact.

Impact Explanation:

The measure as amended would cause the exemption to be permissible to all local taxing districts and as such has no direct revenue impact. The existing law sunset date extension applies to new zone designations and certifications only, existing property that continues to meet qualification criteria will continue to receive exemption until 10 year property limitation period is met. Extension of sunset will allow Housing and Community Services Department to continue issuing new certifications for zone designation and project certification until 12/31/2026 at the request of cities, counties, (or a combination of the two) and persons seeking partial exemption. In 2014, fewer than ten properties received the exemption, it is expected that few properties will be newly certified and begin receiving exemption after the current sunset date. The measure's defining of the term "nonresidential use" is expected to have a minimal impact upon revenues.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this tax expenditure is to allow cities and/or counties the ability to provide partial property tax exemptions for development or rehabilitation of mixed use multiple-story buildings which subsequently encourages and supports the development, rehabilitation, and availability of mixed used property of desired density in designated areas. The tax expenditure is permissible to all local taxing districts protecting the taxing authority of all districts choosing not to participate.