

PRELIMINARY STAFF MEASURE SUMMARY

Senate Committee On Human Services and Early Childhood

Fiscal: No fiscal impact
Revenue: Revenue impact issued

Action Date:

Action:

Meeting Dates:

Prepared By: Cheyenne Ross, Committee Administrator

WHAT THE MEASURE DOES:

Extends sunset on tax exemption available for property of nonprofit organizations used for low income housing from June 30, 2018, to June 30, 2022. Takes effect on the 91st day following adjournment *sine die*.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

Current law provides an exemption from property taxes for certain museums, volunteer fire departments, and literary, benevolent, charitable, and scientific institutions. For the property of a charitable organization to qualify for the exemption, it must be actually and exclusively occupied or used in the charitable work carried out by the organization (ORS 307.130). This language left some ambiguity with regard to properties owned by charitable organizations that were used to provide affordable housing to low-income tenants, and in 2013, a court found that such properties, leased to private individuals solely for their personal, residential use, did not qualify. To clarify the ambiguity, the Legislature enacted House Bill 4039 (2014) which explicitly extended the exemption under ORS 307.130 to properties owned by charitable organizations that were used to provide low income housing.

The Legislative Assembly regularly reviews tax credits and tax exemptions, which is accomplished by the inclusion of sunset provisions in measures effecting the credit or exemption. The language of House Bill 4039 is scheduled to be repealed June 30, 2018: when the clarifying language is removed, the previous ambiguity will be restored.

House Bill 4081A extends the sunset on the tax exemption available for properties of nonprofit organizations that are used for low income housing, until June 30, 2022.