

PRELIMINARY STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Fiscal: No fiscal impact
Revenue: Revenue impact issued

Action Date:

Action:

Meeting Dates:

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WHAT THE MEASURE DOES:

Extends sunset from June 30, 2018 to June 30, 2022 for property tax exemption available to property of a nonprofit corporation that, for tax year 2012-13, was actually offered, occupied or used as low-income housing and granted exemption under ORS 307.130 by the county in which property is located. Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

ORS 307.130 provides a property tax exemption for certain museums, volunteer fire departments or literary, benevolent, charitable and scientific institutions. The statutory exemption language regarding qualification requirements for property of charitable organizations is rather broad, and as such, case law provides guidance as what property will qualify for exemption. For property to qualify for exemption under ORS 307.130, the owner of the property must be a nonprofit charitable institution and the property must be actually and exclusively occupied or used in the charitable work carried on by the organization.

In the February 2013 Oregon Tax Court decision of Corvallis Neighborhood Housing Services Inc v. Linn County Assessor and Department of Revenue, the court upheld the assessor's rejection of exemption under ORS 307.130 for plaintiff's low income rental housing property. In the decision, the Tax Court acknowledged that the plaintiffs were a qualifying charitable nonprofit, however, because the property in question was leased to private individuals and used solely as personal residences, the property did not qualify for exemption under ORS 307.130. This decision of the Tax Court effectively removed the availability of exemption under ORS 307.130 for the properties in question along with all like properties throughout Oregon.

Passed in 2014, HB 4039 provided exemption under ORS 307.130 for charitable nonprofit property that was offered, occupied or used as low-income housing and granted exemption under ORS 307.130 by the county for the tax year beginning on July 1, 2012. HB 4039 effectively grandfathered the low-income housing property that was qualifying for exemption at the time, through property tax year 2017 as HB 4039 included a sunset provision following the 2017 property tax year. Low-income property owned by charitable nonprofits that was not receiving exemption as of July 1, 2012, does not qualify for exemption under ORS 307.130. Parties to Corvallis Neighborhood Housing Services v. Linn County Assessor have since settled. The settlement vacated the Tax Court's decision and provided exemption to plaintiffs under the same conditions of exemption made available in HB 4039.

Absent changes to sunset, qualifying properties receiving exemption under ORS 307.130 will no longer qualify for exemption under 307.130 beginning with the 2018 property tax year.