

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 4143 - MRB**

78th Oregon Legislative Assembly – 2016 Regular Session  
Legislative Fiscal Office

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

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**Measure Description:**

Prohibits rent increases during first year of month-to-month tenancies.

**Government Unit(s) Affected:**

Counties, Cities, Department of Revenue (DOR)

**Local Government Mandate:**

This bill may not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**Analysis:**

The fiscal impact of this measure is indeterminate, at this time due to varying information technology (IT) implementation costs between counties resulting from changes made to local taxation as a result of this legislation.

As amended by the -16 Minority Report, the bill increases, from 30 days to 90 days, the length of time landlords must give tenants written notice of rent increases and termination of tenancy. Any local government ordinances that exceed this 90 day notice requirement become void and unenforceable. The legislation would permit tax exempt organizations to develop affordable housing on rural residential land, given county approval. The bill also modifies laws relating to exemptions and deferrals of property tax for qualifying homesteads and exemptions for veterans. The Department of Revenue (DOR) is directed to develop a form for homestead property tax abatement/deferral applications, as well as make eligibility determinations for counties based on federal poverty levels. Restrictions are also placed on certain fees charged, in excess of actual costs incurred, by local governments that have a housing emergency declared in effect.

One-time IT reprogramming costs for county tax assessors are estimated between \$30,000 to \$35,000 for each county; which is a total cost of \$1.08 to \$1.26 million in the 2015-17 biennium. Currently there are seven different vendors that support the IT systems for county assessors, therefore reprogramming costs will vary for each county. Additional staff time will likely be required to test and recalculate assessment values, develop a process for tax exempt organizations to apply to develop affordable housing units on rural residential land, and make changes to internal processes related to homestead and veteran property tax abatement and deferral programs; however this work will likely be completed using current staffing resources and the workload is assumed to be absorbable within existing budgetary parameters.

Verification of applicants Federal Adjusted Gross Income (FAGI) by the DOR is assumed to be a fairly laborious process given many applicants will likely not be required to file federal income taxes. This process is anticipated to require three Administrative Specialist 1 positions for and estimated cost of \$180,000 for the 2015-17 biennium and \$400,000 (3.00 FTE) for the 2017-19 biennium. It is unknown at this time whether implementation of Section 12 of the bill will be considered a new tax program or part of the existing senior deferral program within GenTax - Core Systems Replacement project (CSR). If Section 12 can be implemented as a project enhancement, costs should be minimal. However, should it be determined that implementation is out of the current CSR scope; additional project costs of at least

\$150,000 are anticipated. CSR is currently funded with state Article XI-Q bonds and General Fund Debt Service.