

SB 827 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Prepared By: Kyle Easton, Economist

Meeting Dates: 3/27

WHAT THE MEASURE DOES:

Modifies existing permissive property tax exemption to allow existing qualified dwelling units newly purchased or rehabilitated to qualify for property tax exemption for up to ten successive property tax years. Modification applies to ordinances or resolutions adopted or amended by a city legislative body after effective date of act. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

ORS 307.651 - 307.687 provides authority to cities to, by ordinance or resolution, grant a property tax exemption to newly constructed owner occupied single unity housing that has a market value upon completion of no more than 120 percent (or lesser percentage if adopted by city) of median sales price of dwelling units located within the city. Structure is exempt from property taxation for up to ten years, the land however remains taxable. Exemption is from city imposed taxes, or, all district imposed taxes if districts with a combined rate of taxation equal to 51 percent or more agree to exemption. A city is required to adopt standards and guidelines to be utilized in considering applications and making qualification determinations.

Changes contained in measure would allow newly purchased or rehabilitated property to qualify for exemption in addition to newly constructed. Modifications to exemption apply if: city adopts ordinance or resolution after the effective date of measure or if city amends a previously adopted ordinance or resolution. Under current law, an implicit sunset exists for newly constructed property which is required to be completed within two years after exemption application is approved, or before January 1, 2025. Implicit sunset does not apply to newly purchased or rehabilitated property.