

SB 311 -1, -2 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 3/21, 4/11

WHAT THE MEASURE DOES:

Authorizes city or county to adopt ordinance or resolution providing exemption or partial exemption from ad valorem property taxation to eligible property that has been seismically retrofitted. Requires adopted ordinance or resolution to state the percentage of the exemption to be applied to the real market value of the eligible property. Allows for ten year exemption period, with possibility of additional five years. Exemption eligibility ends at earlier of specified period of years or the date on which the dollar amount of the exemption equals the eligible costs for the property. Defines eligible property as improvements and personal property that constitute a commercial, industrial or multifamily building that is not centrally assessed, state appraised industrial property, or property being granted any other exemption or special assessment. Defines eligible costs as the discounted present value of estimated after-tax costs directly related to the work necessary to seismically retrofit eligible property. Requires rates of taxation of the taxing districts located within the territory of the city or county, when combined with city/county rate of taxation, to equal or exceed 75% of the total combined rate of taxation within the territory of the city or county for exemption to become effective. Specifies administrative and filing responsibilities of city/county, county assessor and property owner. Allows city/county to adopt additional non-conflicting exemption requirements and impose application fee. Requires fee to be paid to assessor to compensate assessor for specified duties. Requires back taxes to be imposed and collected in instances of exemption disqualification. Specifies computation of maximum assessed value and assessed value in certain circumstances. Sunsets initial application for exemption on January 2, 2028 with eligible property granted exemption prior to sunset date allowed to qualify for exemption for duration of qualification period.

ISSUES DISCUSSED:

- Emergency preparedness, acknowledging that at some point earthquake will occur, hope is to have some buildings still standing and safe enough to provide shelter following a disaster
- Intent of building standard requirement in measure is to have retrofitted building(s) withstand earthquake well enough to allow occupants to safely evacuate, expectation is that damage will still occur
- Property tax exemption program is optional to cities/counties with district opt-in requirement
- Ability of city/county to pick those that qualify
- Potential that demand could exceed supply of available property tax incentives
- Community prioritization of which buildings to receive exemption
- General discussion of community and individual emergency preparedness
- Exempting property from property taxation does indirectly affect state revenue through reduced revenues available to schools, which may subsequently require greater allocation from State General Fund.

EFFECT OF AMENDMENT:

-1 Defines eligible costs as costs directly related to the work necessary to seismically retrofit eligible property and incurred after an application relating to retrofit has been approved. Specifies costs not to be included as eligible costs. Limits eligible property to improvements built before January 1, 1993. Allows property granted any other exemption or special assessment to qualify for new exemption created in measure. Specifies exemption time period of 15 years. Provides authority to city/county to further restrict eligible property by property type, impose an annual

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cap on total dollar value of exemptions and impose any other non-conflicting conditions. Requires proposed seismic retrofitting to meet specified performance standard. Requires reporting of other government retrofitting incentives received. Reduces amount of eligible costs by amount of other government incentives received.

-2 Includes changes proposed in -1 amendment and clarifications relating to: computing dollar limit of exemption in relation to eligible costs and certification of seismic retrofits per American Society of Civil Engineers publication.

BACKGROUND:

Seismically retrofitting non-residential property can include a number of changes to the property such as: roof to wall anchoring, continuity ties, adding steel bracing, column fiber wrapping, and installing sheer walls. Eligible costs as defined in measure includes all costs directly related to the work necessary to seismically retrofit eligible property.