



POLK COUNTY

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ASSESSOR'S OFFICE

DOUGLAS SCHMIDT
Assessor

May 8, 2017
House Committee on Revenue
HB 3453

Chair Barnhart, members of the committee, my name is Douglas Schmidt. I am the Polk County Assessor testifying on behalf of the Oregon State Association of County Assessors (OSACA). At this time, OSACA is not sure what HB 3453 is trying to accomplish and is unclear as to its intent, so we are asking for clarification.

HB 3453 appears to remove all requirement of any reduction in market rent for the lessee to qualify for a property tax exemption. On page 1. lines 14 through 18, wording that the “rent payable has been established to reflect the savings below market rent resulting from the exemption from taxation.” has been removed. In its place wording is added that “any tax savings resulting from the exemption granted under this section shall inure solely to the benefit of” the institution.

Does a specific below market rent need to be stated in the lease agreement or only a market rent and that “any” tax savings must inure to the lessee? Page 2 line 3 has removed the requirement that the below market rent must be stated in the lease.

Who determines if the tax savings will inure to the lessee?

How does the tax savings inure to the lessee?

Does the rent need to be reduced by the full amount of the tax savings or only “any” of the tax savings for the property to be fully exempt?

We have current statutes that have worked well for many years and clearly identifies how the rents must be calculated and stated in the lease in order for the lessee to qualify for the tax exemption. This bill creates vague and unclear language as to what the qualifying criteria should be.

If the policy and intent of this bill is to **not** require landlords to provide below market rent that is equal to or greater than the tax savings, that is the decision of this committee. Assessors just need to know that when we implement this bill.

Thank you. If you have any questions I will try and answer them.