

## HB 2377 A STAFF MEASURE SUMMARY

### House Committee On Human Services and Housing

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**Action Date:** 04/18/17

**Action:** Do pass with amendments  
and be referred to Revenue by prior reference. (Printed A-Eng.)

**Vote:** 9-0-0-0

**Yeas:** 9 - Gorsek, Keny-Guyer, Meek, Nearman, Noble, Olson, Piluso, Sanchez, Stark

**Fiscal:** Fiscal impact issued

**Revenue:** Revenue impact issued

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#### WHAT THE MEASURE DOES:

Permits city or county governments to adopt an ordinance or resolution granting a property tax exemption for newly rehabilitated or constructed multi-unit rental housing. Specifies ordinance and resolution requirements. Requires city or county that adopts an ordinance or resolution to prescribe exemption application forms and information required on property tax exemption application. Specifies property tax exemption application requirements for owner or lessee of eligible rental property. Authorizes county assessors to rescind property tax exemption upon the determination that property no longer meets requirements. Sunsets property tax exemption on January 2, 2027. Effective on the 91st day following sine die.

#### ISSUES DISCUSSED:

- Supply of affordable housing
- Abatement of taxes on constructed housing
- Building costs for housing
- Housing needs specific to cities and counties

#### EFFECT OF AMENDMENT:

Replaces measure.

#### BACKGROUND:

Property tax exemptions provide relief from all or part of property taxes for qualified individuals and organizations. The Department of Revenue reports that Oregon currently has over 100 exemption programs for qualified individuals and organizations. County assessors manage and implement property tax exemptions in Oregon through approving or denying applications. The total number of applications for property tax exemptions vary significantly. The Legislative Revenue Office reports that in the 2014-2015 tax year, Wheeler County reported receiving a total of 68 exemptions and Multnomah County reported receiving 25,000 exemptions. Currently under Oregon law (ORS 307.606), cities and counties are allowed to adopt an ordinance or resolution allowing a property tax exemption for multiunit housing for low-income housing or is newly constructed meeting specific criteria.

House Bill 2377 A permits a city or county governments to adopt an ordinance or resolution granting a property tax exemption for newly rehabilitated or constructed multi-unit rental housing. These property tax exemptions would be for eligible rental property that is newly rehabilitated or constructed multiunit rental housing. The measure specifies the requirements for the ordinance or resolution including establishing a schedule for increasing the exemption as a direct percentage of units, rented at or below 80 percent of the area median income, within the eligible rental property for consecutive property tax years. A city or county ordinance or resolution may not take effect unless the combined exemption and rate of taxation of the city or county is equal to 51 percent or more of the total combined rate of taxation on the eligible rental property. Additionally, county assessors are authorized to rescind property tax exemption upon the determination that property no longer meets requirements.

**HB 2377 A STAFF MEASURE SUMMARY**

House Bill 2377 A also requires a city or county that adopts an ordinance or resolution to prescribe exemption application forms and information required on property tax exemption application. The measure specifies property tax exemption application requirements for owner or lessee of eligible rental property.