

**REVENUE IMPACT OF
PROPOSED LEGISLATION
79th Oregon Legislative Assembly
2017 Regular Session
Legislative Revenue Office**

**Bill Number: HB 2377 - C
Revenue Area: Property Taxes
Economist: Kyle Easton
Date: 6/27/2017**

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

Measure Description:

Authorizes city or county to adopt an ordinance or resolution granting property tax exemption to newly rehabilitated or constructed qualified multiunit rental housing. Allows property tax exemption for up to ten consecutive years. Requires city or county to establish a schedule in which the number of years for which exemption is provided increases directly with the percentage of units rented to households with an annual income at or below 120 percent of the area median income and at monthly rates that are affordable to such households.

For ordinance or resolution to take effect, requires the rates of taxation of the taxing districts whose governing bodies agree to grant the exemption, when combined with the rate of taxation of the city or county, to equal 51 percent or more of the total combined rate of taxation on the eligible rental property. Requires owner or lessee of eligible rental property to submit annual application to city/county.

Requires repayment of tax if county assessor determines that the eligible property does not meet the requirements of the ordinance or resolution. Sunsets initial year exemption qualification on January 2, 2027.

Revenue Impact: No direct impact on property tax revenue (see impact explanation)

Impact Explanation:

Measure provides cities and counties, with agreement from, at minimum some local governments, the option of providing a property tax exemption to qualified multiunit rental housing. As measure is permissive to cities and counties, impact on property tax revenues will depend upon the number of cities/counties that adopt an ordinance or resolution allowing the exemption and the configuration of the adopted exemption.

Property taxes imposed on multiunit property can vary considerably depending upon the number of units and location of the property. To provide some sense of scale, the median property taxes imposed on property classed multifamily in property tax year 2015-16 was about \$7,000 with some higher value properties paying over \$100,000 to, in some instances, hundreds of thousands of dollars in property taxes.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is to provide county and city governing bodies the ability to implement a targeted property tax exemption that encourages development of multiunit rental property that is rented to households with annual income at or below 120 percent of the area median thereby increasing the development, rehabilitation and, ultimately, the supply of workforce and low income housing units.