

Requested by Representative SMITH DB

**PROPOSED AMENDMENTS TO
HOUSE BILL 2377**

1 On page 1 of the printed bill, delete lines 4 through 22 and delete pages
2 2 through 6 and insert:

3 **“SECTION 1. (1) As used in sections 1 to 3 of this 2017 Act, ‘eligible**
4 **rental property’ means newly rehabilitated or constructed multiunit**
5 **rental housing.**

6 **“(2)(a) The governing body of a city or county may adopt an ordi-**
7 **nance or resolution granting a property tax exemption for eligible**
8 **rental property located within the boundaries of the city or county,**
9 **respectively.**

10 **“(b) The terms of the exemption must conform to the provisions**
11 **of sections 1 to 3 of this 2017 Act.**

12 **“(3) The exemption may be granted to eligible rental property only**
13 **if:**

14 **“(a) The rehabilitation or construction is completed after the ordi-**
15 **nance or resolution has been adopted; and**

16 **“(b) The first assessment year to which the application filed under**
17 **section 2 of this 2017 Act relates is the first assessment year that be-**
18 **gins after the eligible rental property is first offered for rent for resi-**
19 **dential occupancy upon completion of the rehabilitation or**
20 **construction.**

21 **“(4) An ordinance or resolution adopted pursuant to this section**

1 **must:**

2 **“(a) Establish a schedule in which the number of consecutive**
3 **property tax years for which the exemption is granted increases di-**
4 **rectly with the percentage of units constituting the eligible rental**
5 **property that are rented at monthly rates that are affordable to**
6 **households with an annual income at or below 80 percent of the area**
7 **median income for up to a maximum of 10 years; and**

8 **“(b) Adopt a definition of “area median income” for purposes of**
9 **sections 1 to 3 of this 2017 Act and notify the county assessor of the**
10 **definition.**

11 **“(5)(a) An ordinance or resolution adopted pursuant to this section**
12 **may not take effect unless, upon request of the city or county that**
13 **adopted the ordinance or resolution, the rates of taxation of the taxing**
14 **districts whose governing bodies agree to grant the exemption, when**
15 **combined with the rate of taxation of the city or county, equal 51**
16 **percent or more of the total combined rate of taxation on the eligible**
17 **rental property.**

18 **“(b) If the ordinance or resolution takes effect, the exemption shall**
19 **apply to all property tax levies of all taxing districts in which eligible**
20 **rental property is located.**

21 **“(c) The decisions of the taxing districts under paragraph (a) of this**
22 **subsection may not be changed but are not binding with respect to an**
23 **ordinance or resolution adopted pursuant to subsection (6) of this**
24 **section or a new ordinance or resolution adopted pursuant to sub-**
25 **section (2) of this section.**

26 **“(d) All eligible rental property shall be granted exemption under**
27 **this section on the same terms provided in the ordinance or resolution**
28 **adopted or amended by the city or county and in effect on the date the**
29 **application is submitted under section 2 of this 2017 Act.**

30 **“(6)(a) A city or county may adopt at any time an ordinance or re-**

1 solution amending the terms of an exemption granted pursuant to this
2 section, subject to approval of the taxing districts under subsection
3 (5)(a) of this section, or terminating the exemption.

4 “(b) Notwithstanding an ordinance or resolution adopted under
5 paragraph (a) of this subsection, eligible rental property that has been
6 granted an exemption pursuant to this section shall continue to re-
7 ceive the exemption under the terms in effect at the time the ex-
8 emption was first granted.

9 “(7) As soon as practicable after January 1 of each year, the gov-
10 erning body of a city or county that has adopted an ordinance or re-
11 solution under this section shall:

12 “(a) Determine the area median income as defined by the city or
13 county;

14 “(b) Notify each owner or lessee of eligible rental property granted
15 exemption pursuant to the ordinance or resolution for the immediately
16 preceding property tax year of the determination; and

17 “(c) Publish the determination on the website of the city or county,
18 respectively.

19 **“SECTION 2. (1)(a) The governing body of a city or county that**
20 **adopts an ordinance or resolution pursuant to section 1 of this 2017**
21 **Act shall prescribe exemption application forms and the information**
22 **required to be included in an application.**

23 “(b) If eligible rental property is located in a city and county each
24 of which has adopted an ordinance or resolution under section 1 of this
25 2017 Act, the applicant shall elect the exemption the applicant wishes
26 to receive for the eligible rental property by submitting the application
27 to the city or the county, as applicable.

28 “(c) The applicant must be the owner or lessee of the eligible rental
29 property to which the application relates.

30 “(d) An application must be accompanied by an application fee fixed

1 by the city or county, as applicable, in an amount determined to
2 compensate the city or county for the actual costs of processing the
3 application.

4 “(2)(a) An application must be submitted for review to the city or
5 county, as applicable, on or before March 1 preceding the property tax
6 year to which the application relates.

7 “(b) Notwithstanding paragraph (a) of this subsection, an applica-
8 tion may be filed under this section for the current property tax year:

9 “(A) On or before December 31 of the property tax year, if the ap-
10 plication is accompanied by a late filing fee of the greater of \$200 or
11 one-tenth of one percent of the real market value as of the most re-
12 cent assessment date of the eligible rental property to which the ap-
13 plication relates.

14 “(B) On or before April 1 of the property tax year, if the application
15 is accompanied by a late filing fee of \$200 and the applicant demon-
16 strates good and sufficient cause, as defined in ORS 307.162, for failing
17 to file a timely application or is a first-time filer, as defined in ORS
18 307.162, of an application under this subsection.

19 “(c)(A) An application may be filed as provided in paragraph (b) of
20 this subsection notwithstanding that there are no grounds for hard-
21 ship as required for late filing under ORS 307.475.

22 “(B) A late filing fee collected under paragraph (b) of this sub-
23 section must be deposited in the general fund of the city or county,
24 as applicable.

25 “(3)(a) Upon receipt of an initial application submitted pursuant to
26 subsection (2) of this section, the city or county, as applicable, shall
27 determine as soon as practicable:

28 “(A) Whether the property to which the application relates is eligi-
29 ble rental property located within the boundaries of the city or county;

30 “(B) The date on which the rehabilitation or construction of the

1 eligible rental property was or will be completed;

2 “(C) The date on which the eligible rental property was first offered
3 for rent for residential occupancy; and

4 “(D) The rent charged for each unit to which the application relates
5 and whether the rent meets the requirements of the schedule estab-
6 lished under section 1 (4) of this 2017 Act.

7 “(b) If any eligibility determination made under this subsection
8 renders the property ineligible for the exemption, the application shall
9 be rejected and the rejection may not be appealed.

10 “(4)(a) The owner or lessee of eligible rental property granted ex-
11 emption for the current property tax year must submit an application
12 under subsection (2) of this section for each subsequent property tax
13 year for which the eligible rental property remains eligible under sec-
14 tion 1 (4) of this 2017 Act.

15 “(b) If any eligibility determination made under this subsection
16 renders the eligible rental property ineligible for the exemption, the
17 application shall be rejected.

18 “(5) If the property qualifies for the exemption under subsection (3)
19 or (4) of this section and the application meets the requirements of the
20 ordinance or resolution of the city or county, the governing body shall,
21 on or before April 1, adopt a resolution:

22 “(a) Approving the application; and

23 “(b) Notifying the assessor of the county in which the eligible rental
24 property is located of the approval and including with the notification
25 all information necessary for the assessor to perform the assessor’s
26 duties with respect to the eligible rental property.

27 **SECTION 3.** (1) If, after an exemption is granted pursuant to an
28 ordinance or resolution adopted under section 1 of this 2017 Act, the
29 county assessor determines that the eligible rental property does not
30 meet the requirements of the ordinance or resolution or section 1 of

1 **this 2017 Act:**

2 (a) The exemption shall be terminated immediately, without right
3 of notice or appeal;

4 (b) The eligible rental property shall be assessed and taxed as other
5 property similarly situated is assessed and taxed; and

6 (c) Notwithstanding ORS 311.235, there shall be added to the general
7 property tax roll for the tax year next following the determination, to
8 be collected and distributed in the same manner as other real property
9 tax, an amount equal to the amount of tax that would have been due
10 on the property had it not been exempt for each of the years during
11 which the property was exempt, not to exceed 10 tax years.

12 (2) The assessment and tax rolls shall show “potential additional tax
13 liability” for each eligible rental property granted exemption pursuant
14 to section 1 of this 2017 Act.

15 (3) Additional taxes collected under this section shall be deemed to
16 have been imposed in the year to which the additional taxes relate.

17 **“SECTION 4. (1) Sections 1 to 3 of this 2017 Act are repealed on
18 January 2, 2027.**

19 **“(2) Notwithstanding the date specified in subsection (1) of this
20 section, eligible rental property that is granted exemption under an
21 ordinance or resolution adopted pursuant to section 1 of this 2017 Act
22 before the date specified in subsection (1) of this section shall continue
23 to receive the exemption under the provisions of the ordinance or re-
24 solution for the period of time for which the exemption was granted.**

25 **“SECTION 5. This 2017 Act takes effect on the 91st day after the
26 date on which the 2017 regular session of the Seventy-ninth Legislative
27 Assembly adjourns sine die.”.**

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