

HOUSE AMENDMENTS TO HOUSE BILL 4027

By COMMITTEE ON REVENUE

February 22

1 On page 1 of the printed bill, line 2, after “ORS” insert “307.517, 307.518, 307.523, 307.529,
2 307.535.”.

3 In line 3, delete “, and section 1, chapter 571, Oregon Laws 2015”.

4 Delete lines 6 through 25 and delete page 2.

5 On page 3, delete lines 1 through 22.

6 In line 23, delete “3” and insert “1”.

7 In line 24, delete “4” and insert “2”.

8 In line 43, delete “5” and insert “3”.

9 On page 4, line 23, delete “6” and insert “4”.

10 In line 30, delete “7” and insert “5”.

11 In line 31, delete “4 to 6” and insert “2 to 4”.

12 In line 32, delete “3” and insert “1”.

13 Delete lines 34 through 45 and delete pages 5 and 6 and insert:

14 **“SECTION 6. (1) Notwithstanding the repeal of ORS 308.677 by section 1 of this 2018 Act**
15 **and any decision of the Department of Revenue to the contrary made before the effective**
16 **date of this 2018 Act, the property of a company described in ORS 308.515 (1) shall be granted**
17 **the exemption under ORS 308.677 (2015 Edition) as provided in this section if:**

18 **“(a) The company’s application for a qualified project determination was approved by the**
19 **Public Utility Commission pursuant to ORS 308.677 (4) (2015 Edition) on or before March 1,**
20 **2016; and**

21 **“(b) The company began operating a qualified project on or before January 1, 2018.**

22 **“(2)(a) A company seeking an exemption under this section must submit a claim to the**
23 **Department of Revenue within 30 days after the effective date of this 2018 Act.**

24 **“(b) The department shall approve a claim that demonstrates that the company meets**
25 **the requirements of subsection (1) of this section. To demonstrate that the company is op-**
26 **erating a qualified project, it is sufficient for the claim to show that the company is providing**
27 **communication services of, at least, approximately one gigabit per second symmetrical ser-**
28 **vice to at least one residential customer.**

29 **“(c) If the department approves a company’s claim, the exemption shall be granted for**
30 **the first property tax year that began or begins after the date on which the company first**
31 **began operating a qualified project. The exemption may not be granted to the property of the**
32 **company for any other property tax year.**

33 **“(d) If the department rejects a claim, the department shall notify the company of the**
34 **decision.**

35 **“SECTION 7. Section 6 of this 2018 Act is repealed on January 2, 2021.**

1 “**SECTION 8.** ORS 307.517 is amended to read:

2 “307.517. (1) Property or a portion of the property is exempt from taxation as provided under
3 ORS 307.515 to 307.523 if:

4 “(a) The property is:

5 “(A) Offered for rent; or

6 “(B) Held for the purpose of developing low income rental housing, for a period not exceeding
7 a reasonable maximum period, if any, adopted by the governing body;

8 “(b) The property, if occupied, is occupied solely by low income persons;

9 “(c) The required rent payment reflects the full value of the property tax exemption;

10 “(d) The exemption has been approved as provided in ORS 307.523, **pursuant to an application**
11 **filed before July 1, 2020;**

12 “(e) The housing units on the property were constructed after the local governing body adopted
13 the provisions of ORS 307.515 to 307.523; and

14 “(f) The information disclosed on the application filed pursuant to ORS 307.521 meets any other
15 criteria adopted by the governing body.

16 “(2) A governing body that adopts the provisions of ORS 307.515 to 307.523 may adopt additional
17 criteria for exemption that do not conflict with the criteria described in subsection (1)(a) to (e) of
18 this section.

19 “(3) For the purposes of subsection (1) of this section, a person that has only a leasehold interest
20 in property is deemed to be a purchaser of that property if:

21 “(a) The person is obligated under the terms of the lease to pay the ad valorem taxes on the real
22 and personal property used in this activity on that property; or

23 “(b) The rent payable has been established to reflect the savings resulting from the exemption
24 from taxation.

25 “**SECTION 9.** ORS 307.518 is amended to read:

26 “307.518. (1) Property or a portion of property is exempt from taxation as provided under ORS
27 307.515 to 307.523 if:

28 “(a) The property, if unoccupied, is:

29 “(A) Offered for rental solely as a residence for low income persons; or

30 “(B) Held for the purpose of developing low income rental housing, for a period not exceeding
31 a reasonable maximum period, if any, adopted by the governing body;

32 “(b) The property, if occupied, is occupied solely as a residence for low income persons;

33 “(c) An exemption for the property has been approved as provided under ORS 307.523, pursuant
34 to an application filed before [*January*] **July 1, 2020;**

35 “(d) The property is owned or being purchased by a nonprofit corporation organized in a manner
36 that meets the criteria for a public benefit corporation or a religious corporation, both terms as
37 defined in ORS 65.001;

38 “(e) The property is owned or being purchased by a nonprofit corporation that expends no more
39 than 10 percent of the nonprofit corporation’s annual income from residential rentals for purposes
40 other than the acquisition, maintenance or repair of residential rental property for low income per-
41 sons or for the provision of on-site child care services for the residents of the rental property; and

42 “(f) The information disclosed on the application filed pursuant to ORS 307.521 meets any other
43 criteria adopted by the governing body.

44 “(2) A governing body that adopts the provisions of ORS 307.515 to 307.523 may adopt additional
45 criteria for exemption that do not conflict with the criteria described in subsection (1)(a) to (e) of

1 this section.

2 “(3) For the purposes of this section, a nonprofit corporation that has only a leasehold interest
3 in property is considered to be a purchaser of that property if:

4 “(a) The nonprofit corporation is obligated under the terms of the lease to pay the ad valorem
5 taxes on the real and personal property used in the rental activity on that property; or

6 “(b) The rent payable has been established to reflect the savings resulting from the exemption
7 from taxation.

8 “(4) A partnership shall be considered a nonprofit corporation for purposes of this section if:

9 “(a) A nonprofit corporation is a general partner of the partnership; and

10 “(b) The nonprofit corporation is responsible for the day-to-day operation of the property that
11 is the subject of the exemption under ORS 307.515 to 307.523.

12 “**SECTION 10.** ORS 307.523 is amended to read:

13 “307.523. (1) Application shall be made on or before December 1 of the calendar year imme-
14 diately preceding the first assessment year for which exemption is requested, and shall be accom-
15 panied by the application fee required under ORS 307.527. However, if the property is acquired after
16 November 1, the application shall be made within 30 days after the date of acquisition.

17 “(2) Within 60 days of the filing of an application under ORS 307.521, the governing body shall
18 take final action upon the application as provided under ORS 307.527, and certify the results of the
19 action to the county assessor, as set forth in ORS 307.512.

20 “(3) Upon receipt of certification under subsection (2) of this section, the county assessor shall
21 exempt the property from taxation to the extent certified by the governing body.

22 “(4) **Notwithstanding the dates specified in ORS 307.517 and 307.518, property granted**
23 **exemption pursuant to an application filed under ORS 307.517 or 307.518 before July 1, 2020,**
24 **shall continue to receive the exemption on the same terms, including duration, on which the**
25 **exemption was granted.**

26 “**SECTION 11.** ORS 307.529 is amended to read:

27 “307.529. (1) Except as provided in ORS 307.531, if, after an application for exemption under ORS
28 307.517 has been approved under ORS 307.527, the governing body finds that construction or devel-
29 opment of the exempt property differs from the construction or development described in the appli-
30 cation for exemption, or is not completed on or before [January] **July 1, 2020**, or that any provision
31 of ORS 307.515 to 307.523 is not being complied with, or any provision required by the governing
32 body pursuant to ORS 307.515 to 307.523 is not being complied with, the governing body shall give
33 notice of the proposed termination of the exemption to the owner, by mailing the notice to the
34 last-known address of the owner, and to every known lender, by mailing the notice to the last-known
35 address of every known lender. The notice shall state the reasons for the proposed termination and
36 shall require the owner to appear at a specified time, not less than 20 days after mailing the notice,
37 to show cause, if any, why the exemption should not be terminated.

38 “(2) If the owner fails to appear and show cause why the exemption should not be terminated,
39 the governing body shall notify every known lender, and shall allow any lender not less than 30 days
40 after the date the notice of the failure to appear and show cause is mailed to cure any noncompli-
41 ance or to provide assurance adequate to the governing body that all noncompliance shall be rem-
42 edied.

43 “(3) If the owner fails to appear and show cause why the exemption should not be terminated,
44 and the lender fails to cure or give adequate assurance of the cure of any noncompliance, the gov-
45 erning body shall adopt an ordinance or resolution stating its findings terminating the exemption.

1 A copy of the ordinance or resolution shall be filed with the county assessor, and a copy shall be
2 sent to the owner at the owner's last-known address and to the lender at the last-known address of
3 the lender within 10 days after its adoption.

4 **SECTION 12.** ORS 307.535 is amended to read:

5 "307.535. Notwithstanding any provision of ORS 307.515 to 307.523:

6 "(1) If the governing body finds that construction of the housing unit otherwise entitled to ex-
7 emption under ORS 307.517 was not completed by [*January*] **July** 1, 2020, due to circumstances be-
8 yond the control of the owner, and that the owner had been acting and could reasonably be expected
9 to act in good faith and with due diligence, the governing body may extend the deadline for com-
10 pletion of construction for a period not to exceed 12 consecutive months.

11 "(2) If property granted exemption under ORS 307.515 to 307.523 is destroyed by fire or act of
12 God, or is otherwise no longer capable of owner-occupancy due to circumstances beyond the control
13 of the owner, the exemption shall cease but no additional taxes shall be imposed upon the property
14 under ORS 307.531 or 307.533.

15 **SECTION 13.** **This 2018 Act takes effect on the 91st day after the date on which the 2018**
16 **regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**".