

Requested by HOUSE COMMITTEE ON REVENUE

**PROPOSED AMENDMENTS TO  
HOUSE BILL 4027**

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

3 On page 6, delete lines 18 and 19 and insert:

4 **“SECTION 10.** ORS 307.517 is amended to read:

5 “307.517. (1) Property or a portion of the property is exempt from taxation  
6 as provided under ORS 307.515 to 307.523 if:

7 “(a) The property is:

8 “(A) Offered for rent; or

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

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

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

15 “(d) The exemption has been approved as provided in ORS 307.523, **pur-**  
16 **suant to an application filed before July 1, 2020;**

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

19 “(f) The information disclosed on the application filed pursuant to ORS  
20 307.521 meets any other criteria adopted by the governing body.

21 “(2) A governing body that adopts the provisions of ORS 307.515 to 307.523

1 may adopt additional criteria for exemption that do not conflict with the  
2 criteria described in subsection (1)(a) to (e) of this section.

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

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

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

11 **“SECTION 11.** ORS 307.518 is amended to read:

12 “307.518. (1) Property or a portion of property is exempt from taxation as  
13 provided under ORS 307.515 to 307.523 if:

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

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

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

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

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

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

26 “(e) The property is owned or being purchased by a nonprofit corporation  
27 that expends no more than 10 percent of the nonprofit corporation’s annual  
28 income from residential rentals for purposes other than the acquisition,  
29 maintenance or repair of residential rental property for low income persons  
30 or for the provision of on-site child care services for the residents of the

1 rental property; and

2 “(f) The information disclosed on the application filed pursuant to ORS  
3 307.521 meets any other criteria adopted by the governing body.

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

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

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

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

15 “(4) A partnership shall be considered a nonprofit corporation for pur-  
16 poses of this section if:

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

18 “(b) The nonprofit corporation is responsible for the day-to-day operation  
19 of the property that is the subject of the exemption under ORS 307.515 to  
20 307.523.

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

22 “307.523. (1) Application shall be made on or before December 1 of the  
23 calendar year immediately preceding the first assessment year for which ex-  
24 emption is requested, and shall be accompanied by the application fee re-  
25 quired under ORS 307.527. However, if the property is acquired after  
26 November 1, the application shall be made within 30 days after the date of  
27 acquisition.

28 “(2) Within 60 days of the filing of an application under ORS 307.521, the  
29 governing body shall take final action upon the application as provided un-  
30 der ORS 307.527, and certify the results of the action to the county assessor,

1 as set forth in ORS 307.512.

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

5 “(4) **Notwithstanding the dates specified in ORS 307.517 and 307.518,**  
6 **property granted exemption pursuant to an application filed under**  
7 **ORS 307.517 or 307.518 before July 1, 2020, shall continue to receive the**  
8 **exemption on the same terms, including duration, on which the ex-**  
9 **emption was granted.**

10 “**SECTION 13.** ORS 307.529 is amended to read:

11 “307.529. (1) Except as provided in ORS 307.531, if, after an application  
12 for exemption under ORS 307.517 has been approved under ORS 307.527, the  
13 governing body finds that construction or development of the exempt prop-  
14 erty differs from the construction or development described in the applica-  
15 tion for exemption, or is not completed on or before [*January*] **July 1, 2020,**  
16 or that any provision of ORS 307.515 to 307.523 is not being complied with,  
17 or any provision required by the governing body pursuant to ORS 307.515 to  
18 307.523 is not being complied with, the governing body shall give notice of  
19 the proposed termination of the exemption to the owner, by mailing the no-  
20 tice to the last-known address of the owner, and to every known lender, by  
21 mailing the notice to the last-known address of every known lender. The  
22 notice shall state the reasons for the proposed termination and shall require  
23 the owner to appear at a specified time, not less than 20 days after mailing  
24 the notice, to show cause, if any, why the exemption should not be termi-  
25 nated.

26 “(2) If the owner fails to appear and show cause why the exemption  
27 should not be terminated, the governing body shall notify every known  
28 lender, and shall allow any lender not less than 30 days after the date the  
29 notice of the failure to appear and show cause is mailed to cure any non-  
30 compliance or to provide assurance adequate to the governing body that all

1 noncompliance shall be remedied.

2 “(3) If the owner fails to appear and show cause why the exemption  
3 should not be terminated, and the lender fails to cure or give adequate as-  
4 surance of the cure of any noncompliance, the governing body shall adopt  
5 an ordinance or resolution stating its findings terminating the exemption.  
6 A copy of the ordinance or resolution shall be filed with the county assessor,  
7 and a copy shall be sent to the owner at the owner’s last-known address and  
8 to the lender at the last-known address of the lender within 10 days after its  
9 adoption.

10 **“SECTION 14.** ORS 307.535 is amended to read:

11 “307.535. Notwithstanding any provision of ORS 307.515 to 307.523:

12 “(1) If the governing body finds that construction of the housing unit  
13 otherwise entitled to exemption under ORS 307.517 was not completed by  
14 [*January*] **July** 1, 2020, due to circumstances beyond the control of the  
15 owner, and that the owner had been acting and could reasonably be expected  
16 to act in good faith and with due diligence, the governing body may extend  
17 the deadline for completion of construction for a period not to exceed 12  
18 consecutive months.

19 “(2) If property granted exemption under ORS 307.515 to 307.523 is de-  
20 stroyed by fire or act of God, or is otherwise no longer capable of owner-  
21 occupancy due to circumstances beyond the control of the owner, the  
22 exemption shall cease but no additional taxes shall be imposed upon the  
23 property under ORS 307.531 or 307.533.

24 **“SECTION 15. This 2018 Act takes effect on the 91st day after the**  
25 **date on which the 2018 regular session of the Seventy-ninth Legislative**  
26 **Assembly adjourns sine die.”**

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