

Senate Bill 1045

Sponsored by Senators HASS, HANSELL

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Authorizes city or county to adopt property tax exemption for portion of principal place of residence used by homeowner to rent space in residence to individuals seeking such space. Provides that exemption shall be granted as 100 percent exemption for five consecutive years unless city or county adopts other terms. Provides that city or county must require means testing of home share seekers. Requires home share rental agreement to offer space at rent affordable to home share seekers with income at or below level determined by city or county.

Provides that exemption applies only to tax levy of city or county enacting exemption law and other taxing districts agreeing to grant exemption, unless rates of taxation of taxing districts that agree to grant exemption equal 51 percent or more of total combined rate of taxation. Requires exemption to be granted to all residences on same terms in effect on date application is submitted.

Prohibits property receiving any other property tax benefit, other than homestead property tax deferral, to be granted home share exemption. Allows city or county to amend or terminate exemption, subject to approval process of taxing districts described above, but provides that residences granted exemption continue to receive exemption under terms in effect at time exemption was first granted.

Sunset authority of city or county to adopt exemption or deferral on June 30, 2027. Repeals exemption program on January 2, 2029. Provides that residences granted exemption before repeal date continue to receive exemption under terms in effect at time granted.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to the taxation of property used in a home share program; and prescribing an effective
3 date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. As used in sections 1 to 4 of this 2019 Act:**

6 (1) **"Eligible property" means the portion of a home that is used pursuant to a home**
7 **share agreement facilitated by a qualified home share program.**

8 (2) **"Home" means the principal place of residence of a home share provider.**

9 (3) **"Home share agreement" means a rental agreement entered into by a home share**
10 **provider with one or more home share seekers, in return for money or other property or**
11 **services, or both, that is facilitated by a qualified home share program.**

12 (4) **"Home share program" means a program operated to address homelessness due to**
13 **any cause by facilitating agreements pursuant to which a home share provider may rent**
14 **space in the home share provider's home to a home share seeker and the home share pro-**
15 **vider and home share seeker share common areas of the home, subject to all applicable**
16 **federal, state and local laws and the rules of the qualified home share program that facili-**
17 **tates the agreement.**

18 (5) **"Home share provider" means an individual homeowner who rents or offers to rent**
19 **space in the individual's home to one or more home share seekers through a qualified home**
20 **share program.**

21 (6) **"Home share seeker" means an individual who seeks or obtains housing in the home**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 of a home share provider through a qualified home share program.

2 (7) "Qualified home share program" means a home share program operated by:

3 (a) A nonprofit corporation organized under ORS chapter 65;

4 (b) A corporation described in section 501(c)(3) of the Internal Revenue Code that is ex-
5 empt from income taxation under section 501(a) of the Internal Revenue Code;

6 (c) A housing authority as defined in ORS 456.005; or

7 (d) The city or county that adopts an ordinance or resolution pursuant to section 2 of
8 this 2019 Act.

9 (8) "Qualified property" means eligible property for which an exemption application has
10 been approved under section 3 of this 2019 Act.

11 **SECTION 2.** (1) The governing body of a city or county may adopt an ordinance or re-
12 solution granting a property tax exemption for qualified property located within the bound-
13 aries of the city or county, respectively.

14 (2) The ordinance or resolution must:

15 (a) Require any home share agreement to:

16 (A) Describe in detail the space in the home share provider's home, including common
17 areas, that will be shared with a home share seeker; and

18 (B) Offer the space at a rent that is affordable to a home share seeker with income at
19 or below a level determined in the ordinance or resolution; and

20 (b) Require means testing of home share seekers according to a method determined by
21 the city or county.

22 (c) Conform the terms, standards and conditions applicable to the exemption to the pro-
23 visions of sections 1 to 4 of this 2019 Act.

24 (3)(a) Except as otherwise provided by a city or county pursuant to paragraph (b) of this
25 subsection, the exemption shall be granted as a 100 percent exemption of the real market
26 value of the qualified property for five consecutive property tax years.

27 (b) The city or county may specify in the ordinance or resolution any of the following:

28 (A) The number of consecutive property tax years for which the exemption may be
29 granted.

30 (B) The percentage of the real market value of the qualified property that may be exempt
31 for each property tax year.

32 (C) Different schedules in each property tax year for the percentage described in sub-
33 paragraph (B) of this paragraph.

34 (D) A permissible period of not less than three months during which a home share pro-
35 vider may enter into a new home share agreement with a home share seeker under section
36 4 (2)(a) of this 2019 Act before the qualified property is disqualified for the exemption.

37 (E) A maximum number of homes that may receive the exemption in any property tax
38 year.

39 (4)(a) Except as provided in paragraph (b) of this subsection, an exemption granted under
40 an ordinance or resolution adopted pursuant to this section applies only to the tax levy of
41 the city or county that adopted the ordinance or resolution.

42 (b)(A) The governing body of a city or county that adopts an ordinance or resolution may
43 ask the governing bodies of other taxing districts with territory located within the bounda-
44 ries of the city or county to agree to grant the exemption on the terms set forth in the or-
45 dinance or resolution.

1 (B) If the rates of taxation of taxing districts whose governing bodies agree to grant the
 2 exemption, when combined with the rate of taxation of the city or county, equal 51 percent
 3 or more of the total combined rate of taxation on the qualified property, the exemption shall
 4 apply to the tax levy of all taxing districts described in subparagraph (A) of this paragraph.

5 (C) If the rates of taxation of taxing districts whose governing bodies agree to grant the
 6 exemption, when combined with the rate of taxation of the city or county, equal less than
 7 51 percent of the total combined rate of taxation on the qualified property, the exemption
 8 shall apply only to the tax levy of the taxing districts that agree to grant the exemption.

9 (c) The decisions of the taxing districts under paragraph (b) of this subsection may not
 10 be changed but are not binding with respect to an amended ordinance or resolution adopted
 11 pursuant to subsection (6) of this section.

12 (d) All qualified property shall be granted exemption under this section on the same
 13 terms provided in the ordinance or resolution adopted or amended by the city or county and
 14 in effect on the date on which the application is submitted under section 3 of this 2019 Act.

15 (5)(a) The governing body of a city or county may adopt at any time an ordinance or re-
 16 solution amending the terms of an exemption granted pursuant to this section, subject to
 17 approval of the taxing districts under subsection (4)(b) of this section, or terminating the
 18 exemption.

19 (b) Notwithstanding an ordinance or resolution adopted under paragraph (a) of this sub-
 20 section, qualified property that has been granted an exemption pursuant to this section shall
 21 continue to receive the exemption under all terms in effect at the time the exemption was
 22 first granted.

23 (6) If a city or county proposes an ordinance or resolution providing for an exemption
 24 on terms other than the terms provided in subsection (4)(a) of this section, the ordinance
 25 or resolution may not take effect unless the governing body of the city or county, as appli-
 26 cable, receives testimony from the county assessor at a public hearing on the question re-
 27 garding the cost and administration of the proposed terms of the exemption.

28 (7)(a) Qualified property that is receiving any other property tax exemption or special
 29 assessment may not be granted an exemption pursuant to this section.

30 (b) Paragraph (a) of this subsection does not apply to the homestead property tax defere-
 31 ral program under ORS 311.666 to 311.701.

32 **SECTION 3.** (1)(a) The governing body of a city or county that adopts an ordinance or
 33 resolution pursuant to section 2 of this 2019 Act shall prescribe exemption application forms
 34 and the information required to be included in the application.

35 (b) If eligible property is located in a city and county, each of which has adopted an or-
 36 dinance or resolution under section 2 of this 2019 Act, the applicant shall elect the exemption
 37 the applicant wishes to receive for the eligible property by submitting the application to the
 38 city or county, as applicable.

39 (c) An application must be accompanied by the home share agreement entered into be-
 40 tween the applicant and the home share seeker and an application fee fixed by the city or
 41 county, as applicable, in an amount determined to compensate the city or county for the
 42 actual costs of processing the application.

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

45 (b) If the ownership of the eligible property included in the application for a prior year

1 remains unchanged, a new application is not required.

2 (3)(a) Within 60 days of receiving an application submitted pursuant to subsection (2) of
 3 this section, the city or county, as applicable, shall determine whether the property to which
 4 the application relates is eligible property located within the boundaries of the city or county
 5 and whether the application meets the requirements of the ordinance or resolution of the
 6 city or county.

7 (b) If the city or county determines that the property does not meet the requirements
 8 under paragraph (a) of this subsection, the application shall be rejected and the applicant
 9 shall be notified of the decision and the reasons for the decision.

10 (c) The rejection of an application:

11 (A) May not be appealed.

12 (B) Does not preclude the applicant from filing a new application for the property for any
 13 property tax year.

14 (4) If the city or county determines under subsection (3)(a) of this section that the
 15 property meets the requirements, the governing body shall:

16 (a) Approve the application;

17 (b) State the conditions; and

18 (c) Notify the assessor of the county in which the qualified property is located and the
 19 Department of Revenue of the approval and include with the notification such information
 20 as is necessary for the assessor and department to perform their respective duties with re-
 21 spect to the qualified property.

22 **SECTION 4.** (1) The assessor of the county in which qualified property is located shall
 23 immediately disqualify the property for an exemption granted under sections 1 to 4 of this
 24 2019 Act and the disqualified property shall be assessed and taxed in the same manner as
 25 other property is assessed and taxed, if:

26 (a) In any year through the final assessment year of the exemption the qualified property
 27 is not used for the purpose identified in the application approved under section 3 of this 2019
 28 Act; or

29 (b) The applicant fails to comply with any conditions established by the city or county in
 30 the ordinance or resolution adopted pursuant to section 2 of this 2019 Act.

31 (2)(a) Notwithstanding subsection (1) of this section, if qualified property would otherwise
 32 be disqualified by reason of a breach of the home share agreement for which the home share
 33 provider is not at fault, the qualified property shall continue to receive the exemption for the
 34 remaining property tax years for which the property is eligible if, within any period estab-
 35 lished by the city or county under section 2 (3)(b)(D) of this 2019 Act, the home share pro-
 36 vider enters into a home share agreement with one or more home share seekers and files
 37 an application with respect to the new home share agreement under section 3 of this 2019
 38 Act.

39 (b) The breached home share agreement shall be considered void and the new home share
 40 agreement shall be subject to the terms of the exemption in effect at the time the application
 41 is filed pursuant to this paragraph.

42 (c) The Department of Revenue shall adopt rules to establish standards and procedures
 43 for administering this subsection.

44 **SECTION 5.** (1) Sections 1 to 4 of this 2019 Act apply to property tax years beginning on
 45 or after July 1, 2020, and before July 1, 2028.

1 **(2) A city or county may not adopt an ordinance or resolution under section 2 of this 2019**
2 **Act after June 30, 2027.**

3 **SECTION 6.** (1) Sections 1 to 4 of this 2019 Act are repealed on January 2, 2029.

4 **(2) Notwithstanding the date specified in subsection (1) of this section, qualified property**
5 **granted exemption under an ordinance or resolution adopted pursuant to section 2 of this**
6 **2019 Act before the date specified in subsection (1) of this section shall continue to receive**
7 **the exemption on or after the date specified in subsection (1) of this section if the term of**
8 **the exemption adopted under the ordinance or resolution granting the exemption extends**
9 **past that date.**

10 **SECTION 7.** This 2019 Act takes effect on the 91st day after the date on which the 2019
11 **regular session of the Eightieth Legislative Assembly adjourns sine die.**

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