

# Senate Bill 191

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## 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**.

Creates and extends sunsets for certain property tax exemption and special assessment programs.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to sunsets for certain ad valorem property tax relief programs; creating new provisions;  
3 amending ORS 307.162, 307.517, 307.518, 307.523, 307.529, 307.535 and 358.499 and section 2,  
4 chapter 783, Oregon Laws 1979, section 2, chapter 256, Oregon Laws 2001, and section 7, chap-  
5 ter 637, Oregon Laws 2005; and prescribing an effective date.

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

7 **SECTION 1.** Section 2, chapter 256, Oregon Laws 2001, as amended by section 2, chapter 771,  
8 Oregon Laws 2003, is amended to read:

9 **Sec. 2.** (1) Section 1 (1), chapter 256, Oregon Laws 2001, applies to tax years beginning on or  
10 after July 1, 1998, and before July 1, [2021] **2027**.

11 (2) Section 1 (2), chapter 256, Oregon Laws 2001, applies to tax years beginning on or after July  
12 1, 1999, and before July 1, [2021] **2027**.

13 **SECTION 2.** Section 7, chapter 637, Oregon Laws 2005, as amended by section 1, chapter 656,  
14 Oregon Laws 2011, and section 1, chapter 210, Oregon Laws 2013, is amended to read:

15 **Sec. 7.** Property may not qualify for a first year of exemption under ORS 307.455 for a tax year  
16 beginning on or after July 1, [2020] **2026**.

17 **SECTION 3.** (1) **Land may not be granted an initial year of exemption under ORS 307.513**  
18 **for any property tax year beginning on or after July 1, 2025.**

19 (2) **Notwithstanding subsection (1) of this section, land that is granted an initial year of**  
20 **exemption under ORS 307.513 for a property tax year beginning before July 1, 2025, may**  
21 **continue to receive the exemption for the number of consecutive property tax years for**  
22 **which the land is eligible for the exemption under ORS 307.513.**

23 **SECTION 4.** ORS 307.162 is amended to read:

24 307.162. (1)(a) Before any real or personal property may be exempted from taxation under ORS  
25 307.092, 307.110 (3)(h), 307.115, 307.118, 307.130 to 307.140, 307.145, 307.147, 307.150, 307.160, 307.181  
26 (3)[, 307.513] or 307.580 for any tax year, the institution or organization entitled to claim the ex-  
27 emption must file a claim with the county assessor, on or before April 1 preceding the tax year for  
28 which the exemption is claimed. The claim must contain statements, verified by the oath or affir-  
29 mation of the president or other proper officer of the institution or organization, that:

30 (A) List all real property claimed to be exempt and show the purpose for which the real property

**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 is used; and

2 (B) Cite the statutes under which exemption for personal property is claimed.

3 (b) If the ownership of all property, other than property described in ORS 307.110 (3)(h), included  
4 in the claim filed with the county assessor for a prior year remains unchanged, a new claim is not  
5 required.

6 (c) When the property designated in the claim for exemption is acquired after March 1 and be-  
7 fore July 1, the claim for that year must be filed within 30 days from the date of acquisition of the  
8 property.

9 (2)(a) Notwithstanding subsection (1) of this section, a claim may be filed under this section for  
10 the current tax year:

11 (A) On or before December 31 of the tax year, if the claim is accompanied by a late filing fee  
12 of the greater of \$200, or one-tenth of one percent of the real market value as of the most recent  
13 assessment date of the property to which the claim pertains.

14 (B) On or before April 1 of the tax year, if the claim is accompanied by a late filing fee of \$200  
15 and the claimant demonstrates good and sufficient cause for failing to file a timely claim, is a  
16 first-time filer or is a public entity described in ORS 307.090.

17 (b)(A) Notwithstanding subsection (1) of this section, a claimant that demonstrates good and  
18 sufficient cause for failing to file a timely claim, is a first-time filer or is a public entity described  
19 in ORS 307.090 may file a claim under this section for the five tax years prior to the current tax  
20 year:

21 (i) Within 60 days after the date on which the county assessor mails notice of additional taxes  
22 owing under ORS 311.206 for the property to which the claim filed under this subparagraph pertains;  
23 or

24 (ii) At any time if no notice is mailed.

25 (B) A claim filed under this paragraph must be accompanied by a late filing fee of the greater  
26 of \$200, or one-tenth of one percent of the real market value as of the most recent assessment date  
27 of the property to which the claim pertains, multiplied by the number of prior tax years for which  
28 exemption is claimed.

29 (c) If a claim filed under this subsection is not accompanied by the late filing fee or if the late  
30 filing fee is not otherwise paid, an exemption may not be allowed for the tax years sought by the  
31 claim. A claim may be filed under this subsection notwithstanding that there are no grounds for  
32 hardship as required for late filing under ORS 307.475.

33 (d) The value of the property used to determine the late filing fee under this subsection and the  
34 determination of the county assessor relative to a claim of good and sufficient cause are appealable  
35 in the same manner as other acts of the county assessor.

36 (e) A late filing fee collected under this subsection must be deposited in the county general fund.

37 (3)(a) In a claim for exemption of property described in ORS 307.110 (3)(h), the county or city,  
38 town or other municipal corporation or political subdivision of this state that is filing the claim must  
39 substantiate that the property is used for affordable housing or that it is leased or rented to persons  
40 of lower income, as applicable.

41 (b) A claim filed under this subsection must be filed annually on a form prescribed by the De-  
42 partment of Revenue.

43 (4) As used in this section:

44 (a) "First-time filer" means a claimant that:

45 (A) Has never filed a claim for the property that is the subject of the current claim; and

1 (B) Did not receive notice from the county assessor on or before December 1 of the tax year for  
2 which exemption is claimed regarding the potential property tax liability of the property.

3 (b)(A) "Good and sufficient cause" means an extraordinary circumstance beyond the control of  
4 the taxpayer or the taxpayer's agent or representative that causes the failure to file a timely claim.

5 (B) "Good and sufficient cause" does not include hardship, reliance on misleading information  
6 unless the information is provided by an authorized tax official in the course of the official's duties,  
7 lack of knowledge, oversight or inadvertence.

8 (c) "Ownership" means legal and equitable title.

9 (5)(a) Notwithstanding subsection (1) of this section, if an institution or organization owns  
10 property that is exempt from taxation under a provision of law listed in subsection (1) of this section  
11 and fails to file a timely claim for exemption under subsection (1) of this section for additions or  
12 improvements to the exempt property, the additions or improvements may nevertheless qualify for  
13 exemption.

14 (b) The organization must file a claim for exemption with the county assessor to have the addi-  
15 tions or improvements to the exempt property be exempt from taxation. The claim must:

16 (A) Describe the additions or improvements to the exempt property;

17 (B) Describe the current use of the property that is the subject of the application;

18 (C) Identify the tax year and any preceding tax years for which the exemption is sought;

19 (D) Contain any other information required by the department; and

20 (E) Be accompanied by a late filing fee equal to the product of the number of tax years for  
21 which exemption is sought multiplied by the greater of \$200 or one-tenth of one percent of the real  
22 market value as of the most recent assessment date of the property that is the subject of the claim.

23 (c) Upon the county assessor's receipt of a completed claim and late filing fee, the assessor shall  
24 determine for each tax year for which exemption is sought whether the additions or improvements  
25 that are the subject of the claim would have qualified for exemption had a timely claim been filed  
26 under subsection (1) of this section. Any property that would have qualified for exemption had a  
27 timely claim been filed under subsection (1) of this section is exempt from taxation for each tax year  
28 for which the property would have qualified.

29 (d) A claim for exemption under this subsection may be filed only for tax years for which the  
30 time for filing a claim under subsections (1) and (2)(a) of this section has expired. A claim filed under  
31 this subsection, however, may serve as the claim required under subsection (1) of this section for  
32 the current tax year.

33 (e) A late filing fee collected under this subsection must be deposited in the county general fund.

34 (6) For each tax year for which an exemption granted pursuant to subsection (2) or (5) of this  
35 section applies:

36 (a) Any tax, or interest attributable thereto, that was paid with respect to the property that is  
37 declared exempt from taxation must be refunded. Refunds must be made without interest from the  
38 unsegregated tax collections account established under ORS 311.385.

39 (b) Any tax, or interest attributable thereto, that remains unpaid as of the date the exemption  
40 is granted must be abated.

41 (7) If an institution or organization owns property that is exempt from taxation under a pro-  
42 vision of law listed in subsection (1) of this section and changes the use of the property to a use that  
43 would not entitle the property to exemption from taxation, the institution or organization must no-  
44 tify the county assessor of the change to a taxable use within 30 days.

45 **SECTION 5. The amendments to ORS 307.162 by section 4 of this 2019 Act apply to**

1 **property tax years beginning on or after July 1, 2025.**

2 **SECTION 6.** ORS 307.517, as amended by section 10, chapter 111, Oregon Laws 2018, is  
 3 amended to read:

4 307.517. (1) Property or a portion of the property is exempt from taxation as provided under ORS  
 5 307.515 to 307.523 if:

6 (a) The property is:

7 (A) Offered for rent; or

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

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

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

12 (d) The exemption has been approved as provided in ORS 307.523, pursuant to an application  
 13 filed before July 1, [2020] **2026**;

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

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

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

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

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

25 (b) The rent payable has been established to reflect the savings resulting from the exemption  
 26 from taxation.

27 **SECTION 7.** ORS 307.518, as amended by section 11, chapter 111, Oregon Laws 2018, is  
 28 amended to read:

29 307.518. (1) Property or a portion of property is exempt from taxation as provided under ORS  
 30 307.515 to 307.523 if:

31 (a) The property, if unoccupied, is:

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

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

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

36 (c) An exemption for the property has been approved as provided under ORS 307.523, pursuant  
 37 to an application filed before July 1, [2020] **2026**;

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

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

45 (f) The information disclosed on the application filed pursuant to ORS 307.521 meets any other

1 criteria adopted by the governing body.

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

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

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

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

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

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

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

15 **SECTION 8.** ORS 307.523, as amended by section 12, chapter 111, Oregon Laws 2018, is  
16 amended to read:

17 307.523. (1) Application shall be made on or before December 1 of the calendar year immediately  
18 preceding the first assessment year for which exemption is requested, and shall be accompanied by  
19 the application fee required under ORS 307.527. However, if the property is acquired after November  
20 1, the application shall be made within 30 days after the date of acquisition.

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

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

26 (4) Notwithstanding the dates specified in ORS 307.517 and 307.518, property granted exemption  
27 pursuant to an application filed under ORS 307.517 or 307.518 before July 1, [2020] **2026**, shall con-  
28 tinue to receive the exemption on the same terms, including duration, on which the exemption was  
29 granted.

30 **SECTION 9.** ORS 307.529, as amended by section 13, chapter 111, Oregon Laws 2018, is  
31 amended to read:

32 307.529. (1) Except as provided in ORS 307.531, if, after an application for exemption under ORS  
33 307.517 has been approved under ORS 307.527, the governing body finds that construction or devel-  
34 opment of the exempt property differs from the construction or development described in the appli-  
35 cation for exemption, or is not completed on or before July 1, [2020] **2026**, or that any provision of  
36 ORS 307.515 to 307.523 is not being complied with, or any provision required by the governing body  
37 pursuant to ORS 307.515 to 307.523 is not being complied with, the governing body shall give notice  
38 of the proposed termination of the exemption to the owner, by mailing the notice to the last-known  
39 address of the owner, and to every known lender, by mailing the notice to the last-known address  
40 of every known lender. The notice shall state the reasons for the proposed termination and shall  
41 require the owner to appear at a specified time, not less than 20 days after mailing the notice, to  
42 show cause, if any, why the exemption should not be terminated.

43 (2) If the owner fails to appear and show cause why the exemption should not be terminated, the  
44 governing body shall notify every known lender, and shall allow any lender not less than 30 days  
45 after the date the notice of the failure to appear and show cause is mailed to cure any noncompli-

1    ance or to provide assurance adequate to the governing body that all noncompliance shall be rem-  
 2    edied.

3           (3) If the owner fails to appear and show cause why the exemption should not be terminated,  
 4    and the lender fails to cure or give adequate assurance of the cure of any noncompliance, the gov-  
 5    erning body shall adopt 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, and a copy shall be  
 7    sent to the owner at the owner’s last-known address and to the lender at the last-known address of  
 8    the lender within 10 days after its adoption.

9           **SECTION 10.** ORS 307.535, as amended by section 14, chapter 111, Oregon Laws 2018, is  
 10   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 otherwise entitled to ex-  
 13   emption under ORS 307.517 was not completed by July 1, [2020] **2026**, due to circumstances beyond  
 14   the control of the owner, and that the owner had been acting and could reasonably be expected to  
 15   act in good faith and with due diligence, the governing body may extend the deadline for completion  
 16   of construction for a period not to exceed 12 consecutive months.

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

21           **SECTION 11.** Section 2, chapter 783, Oregon Laws 1979, as amended by section 1, chapter 583,  
 22   Oregon Laws 1987, section 7, chapter 748, Oregon Laws 1995, section 1, chapter 218, Oregon Laws  
 23   2003, section 1, chapter 548, Oregon Laws 2009, and section 1, chapter 213, Oregon Laws 2013, is  
 24   amended to read:

25           **Sec. 2.** Cargo containers, as defined in ORS 307.835, are exempt from taxation for tax years  
 26   beginning on or after July 1, 1974, [*but prior to*] **and before** July 1, [2020] **2026**.

27           **SECTION 12.** ORS 358.499 is amended to read:

28           358.499. (1) Property first classified and specially assessed as historic property for a tax year  
 29   beginning on or before July 1, 1994, shall continue to be so classified, specially assessed and re-  
 30   moved from special assessment as provided under ORS 358.487 to 358.543 as those sections were in  
 31   existence and in effect on December 31, 1992.

32           (2) Property may be classified and specially assessed under ORS 358.487 to 358.543 pursuant to  
 33   application filed under ORS 358.487 on or after September 9, 1995, and first applicable for the tax  
 34   year 1996-1997 or any tax year thereafter.

35           (3) Property may not be classified and specially assessed pursuant to application filed under ORS  
 36   358.487 or 358.540 if the application is filed on or after July 1, [2020] **2026**.

37           **SECTION 13.** **This 2019 Act takes effect on the 91st day after the date on which the 2019**  
 38   **regular session of the Eightieth Legislative Assembly adjourns sine die.**