

## HOUSE AMENDMENTS TO A-ENGROSSED HOUSE BILL 3275

By COMMITTEE ON REVENUE

May 25

1 On page 1 of the printed A-engrossed bill, line 2, after the semicolon insert “creating new pro-  
2 visions; amending ORS 307.162;”.

3 Delete lines 4 through 25 and delete page 2 and insert:

4 **“SECTION 1. (1) As used in this section and section 2 of this 2021 Act:**

5 **“(a) ‘Affordable housing covenant’ and ‘eligible covenant holder’ have the meanings given**  
6 **those terms under ORS 456.270.**

7 **“(b) ‘Condominium unit’ or ‘unit’ has the meaning given that term under ORS 100.005.**

8 **“(c) ‘Permanent’ means for a period of not less than 99 years.**

9 **“(2) Upon compliance with ORS 307.162, land owned by an eligible covenant holder that**  
10 **is burdened by an affordable housing covenant requiring permanent affordability is exempt**  
11 **from ad valorem property taxation if, for any property tax year:**

12 **“(a) The improvements on the land constitute owner-occupied housing;**

13 **“(b) Owner-occupied housing is being constructed or rehabilitated on the land for a rea-**  
14 **sonable period;**

15 **“(c) The land is being held for a reasonable period for the construction of owner-occupied**  
16 **housing;**

17 **“(d) The owner-occupied housing on the land is unoccupied while offered for sale as**  
18 **owner-occupied housing; or**

19 **“(e) The owner is required to be absent from the owner-occupied housing on the land by**  
20 **reason of health or active military service.**

21 **“(3)(a) Upon compliance with ORS 307.162, 27 percent of the assessed value of an owner-**  
22 **occupied condominium unit burdened by an affordable housing covenant requiring permanent**  
23 **affordability is exempt from ad valorem property taxation.**

24 **“(b) An owner-occupied condominium unit that otherwise remains eligible shall continue**  
25 **to receive the partial property tax exemption granted under this subsection if, for any**  
26 **property tax year:**

27 **“(A) The unit is being rehabilitated for a reasonable period and will constitute owner-**  
28 **occupied housing after the rehabilitation is complete;**

29 **“(B) The unit is unoccupied while offered for sale as owner-occupied housing; or**

30 **“(C) The owner is required to be absent from the unit by reason of health or active mil-**  
31 **itary service.**

32 **“(4)(a) Except as provided in paragraph (b) of this subsection, for purposes of subsections**  
33 **(2)(b) and (c) and (3)(b)(A) of this section, ‘reasonable period’ means a period not exceeding**  
34 **seven years.**

35 **“(b) If, before the end of the sixth consecutive property tax year for which land or an**

1 owner-occupied condominium unit is granted an exemption or partial exemption in the cir-  
2 cumstances described in subsection (2)(b) or (c) or (3)(b)(A) of this section, the eligible  
3 covenant holder or owner believes that the construction, rehabilitation or holding period, as  
4 applicable, will continue past the end of the next following property tax year, the eligible  
5 covenant holder or owner may claim a three-year extension by filing a notice of extension  
6 with the county assessor.

7 “(c) The extension becomes effective if the notice of extension is filed on or before April  
8 1 preceding the first property tax year for which the extension is claimed and is accompanied  
9 by a filing fee equal to the greater of \$200 or one-tenth of one percent of the real market  
10 value of the land or the owner-occupied condominium unit as of the most recent assessment  
11 date.

12 “(5) Each year that a parcel of land or an owner-occupied condominium unit is granted  
13 exemption or partial exemption under this section, the county assessor shall enter on the  
14 assessment and tax roll that the property is exempt or partially exempt and is subject to  
15 potential additional taxes as provided under section 2 of this 2021 Act by adding the notation  
16 ‘potential additional taxes.’

17 “(6) ORS 315.037 does not apply to this section.

18 “SECTION 2. (1) This section applies if the county assessor determines that:

19 “(a) An eligible covenant holder whose land has been granted exemption under section 1  
20 (2) of this 2021 Act has failed to take reasonable, timely measures to enforce, against the  
21 owner of the improvements that make the land eligible for the exemption:

22 “(A) The affordable housing covenant by which the land is burdened; or

23 “(B) Under the lease agreement between the eligible covenant holder and the owner of  
24 the improvements, the requirements of section 1 of this 2021 Act; or

25 “(b) An owner-occupied condominium unit granted partial property tax exemption under  
26 section 1 (3) of this 2021 Act is used in a way that does not comply with the affordable  
27 housing covenant by which the unit is burdened or the requirements of section 1 of this 2021  
28 Act.

29 “(2)(a) A determination under subsection (1) of this section has the effect of:

30 “(A) In the case of land, immediately terminating the property tax exemption.

31 “(B) In the case of an owner-occupied condominium unit, immediately terminating the  
32 partial property tax exemption.

33 “(b) Upon termination of exemption:

34 “(A) The land or unit shall be assessed and taxed as other property similarly situated is  
35 assessed and taxed; and

36 “(B) Notwithstanding ORS 311.235, there shall be added to the general property tax roll  
37 for the property tax year next following the termination, to be collected and distributed in  
38 the same manner as other ad valorem property taxes:

39 “(i) With respect to the land, an amount equal to the amount of property taxes that  
40 would have been due on the land had it not been exempt from property taxes for each of the  
41 preceding consecutive property tax years during which it was exempt, not to exceed five  
42 years.

43 “(ii) With respect to the condominium unit, an amount equal to the difference between  
44 the property taxes assessed against the condominium unit and the property taxes that would  
45 otherwise have been assessed against the condominium unit had it not been granted partial

1 **exemption from property taxes for each of the preceding consecutive property tax years**  
2 **during which it was partially exempt, not to exceed five years.**

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

5 **“SECTION 3.** ORS 307.162 is amended to read:

6 **“307.162. (1)(a)** Before any real or personal property may be exempted from taxation under ORS  
7 307.092, 307.110 (3)(h), 307.115, 307.118, 307.130 to 307.140, 307.145, 307.147, 307.150, 307.160, 307.181  
8 (3), 307.513 or 307.580 **or section 1 of this 2021 Act** for any tax year, the institution, [or] organ-  
9 ization **or person** entitled to claim the exemption must file a claim with the county assessor, on or  
10 before April 1 preceding the tax year for which the exemption is claimed. The claim must contain  
11 statements, verified by the oath or affirmation of the president or other proper officer of the insti-  
12 tution or organization **or the person**, that:

13 **“(A)** List all real property claimed to be exempt and show the purpose for which the real prop-  
14 erty is used; and

15 **“(B)** Cite the statutes under which exemption for personal property is claimed.

16 **“(b)** If the ownership of all property, other than property described in ORS 307.110 (3)(h) **or**  
17 **section 1 of this 2021 Act**, included in the claim filed with the county assessor for a prior year  
18 remains unchanged, a new claim is not required.

19 **“(c)** When the property designated in the claim for exemption is acquired after March 1 and  
20 before July 1, the claim for that year must be filed within 30 days from the date of acquisition of  
21 the property.

22 **“(2)(a)** Notwithstanding subsection (1) of this section, a claim may be filed under this section for  
23 the current tax year:

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

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

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

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

37 **“(ii)** At any time if no notice is mailed.

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

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

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

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

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

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

12 “(4) As used in this section:

13 “(a) ‘First-time filer’ means a claimant that:

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

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

17 “(b)(A) ‘Good and sufficient cause’ means an extraordinary circumstance beyond the control of  
18 the taxpayer or the taxpayer’s agent or representative that causes the failure to file a timely claim.

19 “(B) ‘Good and sufficient cause’ does not include hardship, reliance on misleading information  
20 unless the information is provided by an authorized tax official in the course of the official’s duties,  
21 lack of knowledge, oversight or inadvertence.

22 “(c) ‘Ownership’ means legal and equitable title.

23 “(5)(a) Notwithstanding subsection (1) of this section, if an institution or organization owns  
24 property that is exempt from taxation under a provision of law listed in subsection (1) of this section  
25 and fails to file a timely claim for exemption under subsection (1) of this section for additions or  
26 improvements to the exempt property, the additions or improvements may nevertheless qualify for  
27 exemption.

28 “(b) The organization must file a claim for exemption with the county assessor to have the ad-  
29 ditions or improvements to the exempt property be exempt from taxation. The claim must:

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

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

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

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

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

37 “(c) Upon the county assessor’s receipt of a completed claim and late filing fee, the assessor  
38 shall determine for each tax year for which exemption is sought whether the additions or improve-  
39 ments that are the subject of the claim would have qualified for exemption had a timely claim been  
40 filed under subsection (1) of this section. Any property that would have qualified for exemption had  
41 a timely claim been filed under subsection (1) of this section is exempt from taxation for each tax  
42 year for which the property would have qualified.

43 “(d) A claim for exemption under this subsection may be filed only for tax years for which the  
44 time for filing a claim under subsections (1) and (2)(a) of this section has expired. A claim filed under  
45 this subsection, however, may serve as the claim required under subsection (1) of this section for

1 the current tax year.

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

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

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

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

11 “(7) If an institution, [or] organization **or person** owns property that is exempt from taxation  
12 under a provision of law listed in subsection (1) of this section and changes the use of the property  
13 to a use that would not entitle the property to exemption from taxation, the institution or organ-  
14 ization must notify the county assessor of the change to a taxable use within 30 days.

15 **“SECTION 4. Sections 1 and 2 of this 2021 Act and the amendments to ORS 307.162 by  
16 section 3 of this 2021 Act apply to property tax years beginning on or after July 1, 2022.**

17 **“SECTION 5. This 2021 Act takes effect on the 91st day after the date on which the 2021  
18 regular session of the Eighty-first Legislative Assembly adjourns sine die.”.**

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