

Senate Bill 167

Sponsored by Senator BEYER (at the request of Bert Dunn) (Pre-session filed.)

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**.

Provides that assessed value of property may be value determined to be necessary to effect fairness and equity in assessed values of property and property in same area in same property class, provided value so determined is not greater than maximum assessed value or real market value of property.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to the assessment of property for purposes of ad valorem property taxation; creating new
3 provisions; amending ORS 307.032, 308.146, 308.153 and 308.156; and prescribing an effective
4 date.

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

6 **SECTION 1.** ORS 308.146 is amended to read:

7 308.146. (1) The maximum assessed value of property equals 103 percent of the property's as-
8 sessed value from the prior year or 100 percent of the property's maximum assessed value from the
9 prior year, whichever is greater.

10 (2) Except as provided in subsections (3) and (4) of this section, the assessed value of property
11 to which this section applies equals the *[lesser]* **least** of:

12 (a) The property's maximum assessed value; *[or]*

13 (b) The property's real market value*[,]*; **or**

14 (c) **An assessed value determined to be necessary to effect fairness and equity in the**
15 **assessed values of the property and property in the same area in the same property class.**

16 (3) Notwithstanding subsections (1) and (2) of this section, the maximum assessed value and as-
17 sessed value of property must be determined as provided in ORS 308.149 to 308.166 if:

18 (a) The property is new property or new improvements to property;

19 (b) The property is partitioned or subdivided;

20 (c) The property is rezoned and used consistently with the rezoning;

21 (d) The property is first taken into account as omitted property;

22 (e) The property becomes disqualified from exemption, partial exemption or special assessment;

23 or

24 (f) A lot line adjustment is made with respect to the property, except that the total assessed
25 value of all property affected by a lot line adjustment may not exceed the total maximum assessed
26 value of the affected property under subsection (1) of this section.

27 (4) Notwithstanding subsections (1) and (2) of this section, if property is subject to partial ex-
28 emption or special assessment, the property's maximum assessed value and assessed value must be
29 determined as provided under the provisions of law governing the partial exemption or special as-
30 sessment.

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 (5)(a) Notwithstanding subsection (1) of this section, when a portion of property is destroyed or
2 damaged due to fire or act of God, for the year in which the destruction or damage is reflected by
3 a reduction in real market value, the maximum assessed value of the property must be reduced to
4 reflect the loss from fire or act of God.

5 (b) This subsection does not apply:

6 (A) To any property that is assessed under ORS 308.505 to 308.674.

7 (B) If the damaged or destroyed property is property that, when added to the assessment and
8 tax roll, constituted minor construction for which no adjustment to maximum assessed value was
9 made.

10 [(c) As used in this subsection, "minor construction" has the meaning given that term in ORS
11 308.149.]

12 (6)(a) If, during the period beginning on January 1 and ending on July 1 of an assessment year,
13 any real or personal property is destroyed or damaged, the **property** owner [or purchaser under a
14 recorded instrument of sale in the case of real property, or the person assessed, person in possession
15 or owner in the case of personal property,] may apply to the county assessor to have the real market
16 value and assessed value of the property determined as of July 1 of the current assessment year.

17 (b) The [person] **owner of property** described in paragraph (a) of this subsection must file the
18 application for assessment under this section with the county assessor on or before the later of:

19 (A) August 1 of the current year; or

20 (B) The 60th day following the date on which the property was damaged or destroyed.

21 (c) Notwithstanding paragraph (b) of this subsection, an application may be filed under this
22 subsection on or before December 31 of the current assessment year, if the application is accompa-
23 nied by a late filing fee of the greater of \$200 or one-tenth of one percent of the real market value
24 as of the most recent assessment date of the property to which the application relates. The county
25 assessor shall deposit a late filing fee collected under this paragraph in the county general fund.

26 (d) If the conditions described in this subsection are applicable to the property, then
27 notwithstanding ORS 308.210, the property must be assessed as of July 1, at 1:00 a.m. of the as-
28 sessment year, in the manner otherwise provided by law.

29 (7)(a) Paragraph (b) of this subsection applies if:

30 (A) A conservation easement or highway scenic preservation easement is in effect on the as-
31 sessment date;

32 (B) The tax year is the first tax year in which the conservation easement or highway scenic
33 preservation easement is taken into account in determining the property's assessed value; and

34 (C) A report has been issued by the county assessor under ORS 271.729 within 12 months pre-
35 ceding or following the date the easement was recorded.

36 (b) The assessed value of the property must be as determined in the report issued under ORS
37 271.729, but may be further adjusted by changes in value as a result of any of the factors described
38 in ORS 309.115 (2), to the extent adjustments do not cause the assessed value of the property to
39 exceed the property's maximum assessed value.

40 (8)(a) Notwithstanding subsection (1) of this section, when a building is demolished or removed
41 from property, for the year in which the demolition or removal of the building is reflected by a re-
42 duction in real market value, the maximum assessed value of the property may be reduced to reflect
43 the demolition or removal of the building.

44 (b) This subsection does not apply:

45 (A) To any property that is assessed under ORS 308.505 to 308.674.

1 (B) If the demolished or removed property is property that, when added to the assessment and
 2 tax roll, constituted minor construction for which no adjustment to maximum assessed value was
 3 made.

4 (c) To receive the reduction in maximum assessed value of the property under this subsection,
 5 the property owner must file an application with the county assessor after the demolition or removal
 6 and on or before December 31 following the assessment date if the demolition or removal occurred:

7 (A) Before the January 1 assessment date; or

8 (B) During the period beginning January 1 and ending on the July 1 assessment date if the
 9 property owner has applied to have the real market value and assessed value of the property de-
 10 termined under subsection (6) of this section.

11 [(d)] (9) As used in this [subsection] section:

12 [(A)] (a) "Minor construction" has the meaning given that term in ORS 308.149.

13 [(B)] (b) "Property owner" means:

14 (A) In the case of real property, [an] the owner or purchaser under a recorded instrument
 15 of sale [in the case of real property,]; or

16 (B) In the case of personal property, the person assessed, person in possession or owner [in
 17 the case of personal property].

18 **SECTION 2.** ORS 308.153 is amended to read:

19 308.153. (1) If new property is added to the assessment roll or improvements are made to prop-
 20 erty as of January 1 of the assessment year, the maximum assessed value of the property is the sum
 21 of:

22 (a) The maximum assessed value determined under ORS 308.146; and

23 (b) The product of the value of the new property or new improvements determined under sub-
 24 section (2)(a) of this section multiplied by the ratio, not greater than 1.00, of the average maximum
 25 assessed value over the average real market value for the assessment year.

26 (2)(a) The value of new property or new improvements equals the real market value of the new
 27 property or new improvements reduced (but not below zero) by the real market value of retirements
 28 from the property tax account.

29 (b) If the maximum assessed value of property is adjusted for fire or act of God or for demolition
 30 or removal of a building under ORS 308.146, the reduction in real market value due to fire or act
 31 of God or demolition or removal of the building may not be considered to be a retirement under this
 32 subsection.

33 (3)(a) For purposes of this section, property shall be considered new property, or new improve-
 34 ments to property, for a tax year if the property:

35 (A) Constituted an integral part of the land or improvements on the assessment date or the date
 36 of a site inspection by the assessor for appraisal purposes for any prior tax year;

37 (B) Has been continuously in existence since the prior tax year; and

38 (C) Was not included in the assessment of the land or improvements for any prior tax year.

39 (b) The following is evidence that the property was not included in the assessment of the land
 40 or improvements for a prior tax year:

41 (A) There is no express reference to the property in the records of the assessor; and

42 (B) The assessor's valuation of the land or improvements of which the property is an integral
 43 part increases as a result of inclusion of the property in the assessment.

44 (4) The property's assessed value for the year equals the [lesser] least of:

45 (a) The property's maximum assessed value; [or]

1 (b) The property's real market value[.]; **or**

2 (c) **An assessed value determined to be necessary to effect fairness and equity in the**
 3 **assessed values of the property and property in the same area in the same property class.**

4 **SECTION 3.** ORS 308.156 is amended to read:

5 308.156. (1) If property is subdivided or partitioned after January 1 of the preceding assessment
 6 year and on or before January 1 of the current assessment year, then the property's maximum as-
 7 sessed value shall be established as provided under this section.

8 (2) If property is rezoned and, after January 1 of the preceding assessment year and on or before
 9 January 1 of the current assessment year, the property is used consistently with the rezoning, the
 10 property's maximum assessed value shall be established under this section.

11 (3)(a) For the first tax year for which property is added to the property tax account as omitted
 12 property, the property's maximum assessed value shall be established under this section.

13 (b) For tax years subsequent to the first tax year for which property is added to the property
 14 tax account as omitted property, the property's maximum assessed value shall be determined as
 15 otherwise provided by law, taking into account the maximum assessed value of the property as de-
 16 termined under this section.

17 (4)(a) If property was subject to exemption, partial exemption or special assessment as of the
 18 January 1 assessment date of the preceding assessment year and is disqualified from exemption,
 19 partial exemption or special assessment as of the January 1 of the current assessment year, the
 20 property's maximum assessed value shall be established under this section.

21 (b) If property described in this subsection is eligible for a different type of exemption, partial
 22 exemption or special assessment as of January 1 of the current assessment year, the property's
 23 maximum assessed value shall be established under the provision granting the partial exemption or
 24 special assessment.

25 (5) The property's maximum assessed value shall be the sum of:

26 (a) The maximum assessed value determined under ORS 308.146 that is allocable to that portion
 27 of the property not affected by an event described in subsection (1), (2), (3) or (4)(a) of this section;
 28 and

29 (b) The product of the real market value of that portion of the property that is affected by an
 30 event described in subsection (1), (2), (3) or (4)(a) of this section multiplied by the ratio, not greater
 31 than 1.00, of the average maximum assessed value over the average real market value for the as-
 32 sessment year.

33 (6) The property's assessed value for the year [*shall equal*] **equals** the [*lesser*] **least** of:

34 (a) The property's maximum assessed value; [*or*]

35 (b) The property's real market value[.]; **or**

36 (c) **An assessed value determined to be necessary to effect fairness and equity in the**
 37 **assessed values of the property and property in the same area in the same property class.**

38 (7) The Department of Revenue shall provide by rule the method by which the allocations de-
 39 scribed in subsection (5) of this section are to be made.

40 **SECTION 4.** ORS 307.032 is amended to read:

41 307.032. (1) Unless determined under a provision of law governing the partial exemption that
 42 applies to the property, the maximum assessed value and assessed value of partially exempt property
 43 shall be determined as follows:

44 (a) The maximum assessed value:

45 (A) For the first tax year in which the property is partially exempt, shall equal the real market

1 value of the property, reduced by the value of the partial exemption, multiplied by the ratio, not
 2 greater than 1.00, of the average maximum assessed value over the average real market value for
 3 the tax year of property in the same area and property class.

4 (B) For each tax year after the first tax year in which the property is subject to the same partial
 5 exemption, shall equal 103 percent of the property’s assessed value for the prior year or 100 percent
 6 of the property’s maximum assessed value under this paragraph from the prior year, whichever is
 7 greater.

8 (b) The assessed value of the property shall equal the *[lesser]* **least** of:

9 (A) The real market value of the property reduced by the partial exemption; *[or]*

10 (B) The maximum assessed value of the property under paragraph (a) of this subsection[.]; **or**

11 **(C) An assessed value determined to be necessary to effect fairness and equity in the**
 12 **assessed values of the property and property in the same area in the same property class.**

13 (2) Unless determined under a provision of law governing the special assessment, the maximum
 14 assessed value subject to special assessment and the assessed value of property subject to special
 15 assessment shall be determined as follows:

16 (a) The maximum assessed value:

17 (A) For the first tax year in which the property is specially assessed, shall equal the specially
 18 assessed value of the property multiplied by the ratio, not greater than 1.00, of the average maxi-
 19 mum assessed value over the average real market value for the tax year of property in the same
 20 area and property class.

21 (B) For each tax year after the first tax year in which property is subject to the same special
 22 assessment, shall equal 103 percent of the property’s assessed value for the prior year or 100 percent
 23 of the property’s maximum assessed value subject to special assessment from the prior year, which-
 24 ever is greater.

25 (b) The assessed value of the property shall equal the *[lesser]* **least** of:

26 (A) The specially assessed value of the property as determined under the law establishing the
 27 special assessment; *[or]*

28 (B) The property’s maximum assessed value subject to special assessment as determined under
 29 paragraph (a) of this subsection[.]; **or**

30 **(C) An assessed value determined to be necessary to effect fairness and equity in the**
 31 **assessed values of the property and property in the same area in the same property class.**

32 (3) As used in this section, “area” and “property class” have the meanings given those terms in
 33 ORS 308.149.

34 **SECTION 5. The amendments to ORS 307.032, 308.146, 308.153 and 308.156 by sections 1**
 35 **to 4 of this 2021 Act apply to property tax years beginning on or after July 1, 2022.**

36 **SECTION 6. This 2021 Act takes effect on the 91st day after the date on which the 2021**
 37 **regular session of the Eighty-first Legislative Assembly adjourns sine die.**