

Requested by Representative PHAM

**PROPOSED AMENDMENTS TO
A-ENGROSSED HOUSE BILL 3275**

1 On page 1 of the printed A-engrossed bill, line 2, after the semicolon in-
2 sert “creating new provisions; 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**
5 **Act:**

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

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

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

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

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

17 **“(b) Owner-occupied housing is being constructed or rehabilitated**
18 **on the land for a reasonable period;**

19 **“(c) The land is being held for a reasonable period for the con-**
20 **struction of owner-occupied housing;**

21 **“(d) The owner-occupied housing on the land is unoccupied while**

1 offered for sale as owner-occupied housing; or

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

4 “(3)(a) Upon compliance with ORS 307.162, 27 percent of the assessed
5 value of an owner-occupied condominium unit burdened by an afford-
6 able housing covenant requiring permanent affordability is exempt
7 from ad valorem property taxation.

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

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

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

15 “(C) The owner is required to be absent from the unit by reason of
16 health or active military service.

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

20 “(b) If, before the end of the sixth consecutive property tax year for
21 which land or an owner-occupied condominium unit is granted an ex-
22 emption or partial exemption in the circumstances described in sub-
23 section (2)(b) or (c) or (3)(b)(A) of this section, the eligible covenant
24 holder or owner believes that the construction, rehabilitation or hold-
25 ing period, as applicable, will continue past the end of the next fol-
26 lowing property tax year, the eligible covenant holder or owner may
27 claim a three-year extension by filing a notice of extension with the
28 county assessor.

29 “(c) The extension becomes effective if the notice of extension is
30 filed on or before April 1 preceding the first property tax year for

1 which the extension is claimed and is accompanied by a filing fee equal
2 to the greater of \$200 or one-tenth of one percent of the real market
3 value of the land or the owner-occupied condominium unit as of the
4 most recent assessment date.

5 “(5) Each year that a parcel of land or an owner-occupied condo-
6 minium unit is granted exemption or partial exemption under this
7 section, the county assessor shall enter on the assessment and tax roll
8 that the property is exempt or partially exempt and is subject to po-
9 tential additional taxes as provided under section 2 of this 2021 Act by
10 adding the notation ‘potential additional taxes.’

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

12 **“SECTION 2. (1) This section applies if the county assessor deter-**
13 **mines that:**

14 **“(a) An eligible covenant holder whose land has been granted ex-**
15 **emption under section 1 (2) of this 2021 Act has failed to take reason-**
16 **able, timely measures to enforce, against the owner of the**
17 **improvements that make the land eligible for the exemption:**

18 **“(A) The affordable housing covenant by which the land is bur-**
19 **dened; or**

20 **“(B) Under the lease agreement between the eligible covenant**
21 **holder and the owner of the improvements, the requirements of sec-**
22 **tion 1 of this 2021 Act; or**

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

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

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

1 **“(B) In the case of an owner-occupied condominium unit, imme-**
2 **diately terminating the partial property tax exemption.**

3 **“(b) Upon termination of exemption:**

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

6 **“(B) Notwithstanding ORS 311.235, there shall be added to the gen-**
7 **eral property tax roll for the property tax year next following the**
8 **termination, to be collected and distributed in the same manner as**
9 **other ad valorem property taxes:**

10 **“(i) With respect to the land, an amount equal to the amount of**
11 **property taxes that would have been due on the land had it not been**
12 **exempt from property taxes for each of the preceding consecutive**
13 **property tax years during which it was exempt, not to exceed five**
14 **years.**

15 **“(ii) With respect to the condominium unit, an amount equal to the**
16 **difference between the property taxes assessed against the condomi-**
17 **num unit and the property taxes that would otherwise have been as-**
18 **essed against the condominium unit had it not been granted partial**
19 **exemption from property taxes for each of the preceding consecutive**
20 **property tax years during which it was partially exempt, not to exceed**
21 **five years.**

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

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

25 **“307.162. (1)(a) Before any real or personal property may be exempted from**
26 **taxation under ORS 307.092, 307.110 (3)(h), 307.115, 307.118, 307.130 to 307.140,**
27 **307.145, 307.147, 307.150, 307.160, 307.181 (3), 307.513 or 307.580 or section 1**
28 **of this 2021 Act for any tax year, the institution, [or] organization or per-**
29 **son entitled to claim the exemption must file a claim with the county**
30 **assessor, on or before April 1 preceding the tax year for which the exemption**

1 is claimed. The claim must contain statements, verified by the oath or affir-
2 mation of the president or other proper officer of the institution or organ-
3 ization **or the person**, that:

4 “(A) List all real property claimed to be exempt and show the purpose for
5 which the real property is used; and

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

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

12 “(c) When the property designated in the claim for exemption is acquired
13 after March 1 and before July 1, the claim for that year must be filed within
14 30 days from the date of acquisition of the property.

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

17 “(A) On or before December 31 of the tax year, if the claim is accompa-
18 nied by a late filing fee of the greater of \$200, or one-tenth of one percent
19 of the real market value as of the most recent assessment date of the prop-
20 erty to which the claim pertains.

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

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

29 “(i) Within 60 days after the date on which the county assessor mails
30 notice of additional taxes owing under ORS 311.206 for the property to which

1 the claim filed under this subparagraph pertains; or

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

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

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

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

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

19 “(3)(a) In a claim for exemption of property described in ORS 307.110
20 (3)(h), the county or city, town or other municipal corporation or political
21 subdivision of this state that is filing the claim must substantiate that the
22 property is used for affordable housing or that it is leased or rented to per-
23 sons of lower income, as applicable.

24 “(b) A claim filed under this subsection must be filed annually on a form
25 prescribed by the Department of Revenue.

26 “(4) As used in this section:

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

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

30 “(B) Did not receive notice from the county assessor on or before De-

1 cember 1 of the tax year for which exemption is claimed regarding the po-
2 tential property tax liability of the property.

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

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

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

11 “(5)(a) Notwithstanding subsection (1) of this section, if an institution or
12 organization owns property that is exempt from taxation under a provision
13 of law listed in subsection (1) of this section and fails to file a timely claim
14 for exemption under subsection (1) of this section for additions or improve-
15 ments to the exempt property, the additions or improvements may neverthe-
16 less qualify for exemption.

17 “(b) The organization must file a claim for exemption with the county
18 assessor to have the additions or improvements to the exempt property be
19 exempt from taxation. The claim must:

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

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

23 “(C) Identify the tax year and any preceding tax years for which the ex-
24 emption is sought;

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

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

30 “(c) Upon the county assessor’s receipt of a completed claim and late fil-

1 ing fee, the assessor shall determine for each tax year for which exemption
2 is sought whether the additions or improvements that are the subject of the
3 claim would have qualified for exemption had a timely claim been filed under
4 subsection (1) of this section. Any property that would have qualified for
5 exemption had a timely claim been filed under subsection (1) of this section
6 is exempt from taxation for each tax year for which the property would have
7 qualified.

8 “(d) A claim for exemption under this subsection may be filed only for tax
9 years for which the time for filing a claim under subsections (1) and (2)(a)
10 of this section has expired. A claim filed under this subsection, however, may
11 serve as the claim required under subsection (1) of this section for the cur-
12 rent tax year.

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

15 “(6) For each tax year for which an exemption granted pursuant to sub-
16 section (2) or (5) of this section applies:

17 “(a) Any tax, or interest attributable thereto, that was paid with respect
18 to the property that is declared exempt from taxation must be refunded. Re-
19 funds must be made without interest from the unsegregated tax collections
20 account established under ORS 311.385.

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

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

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

