LC 2253
2025 Regular Session
10/7/24 (ASD/ps)

D R A F T

SUMMARY

Digest: The Act would simplify how exempt property is taxed. It takes effect only if the people vote for it. (Flesch Readability Score: 76.9).

Proposes an amendment to the Oregon Constitution to exclude partial exemptions of the assessed value of property, and tax credits against property taxes on property, from the requirement that the maximum assessed value of the property be redetermined when the property is first granted or disqualified from a partial exemption or property tax credit.

Refers the proposed amendment to the people for their approval or rejection at the next regular general election.

JOINT RESOLUTION

Be It Resolved by the Legislative Assembly of the State of Oregon:

PARAGRAPH 1. The Constitution of the State of Oregon is amended by creating a new section 11m to be added to and made a part of Article XI, and by amending section 11, Article XI, such sections to read:

Sec. 11. (1)(a) For the tax year beginning July 1, 1997, each unit of property in this state shall have a maximum assessed value for ad valorem property tax purposes that does not exceed the property's real market value for the tax year beginning July 1, 1995, reduced by 10 percent.

(b) For tax years beginning after July 1, 1997, the property's maximum assessed value shall not increase by more than three percent from the previous tax year.

(c) Notwithstanding paragraph (a) or (b) of this subsection, property shall be valued at the ratio of average maximum assessed value to average real market value of property located in the area in which the property is located that is within the same property class, if on or after July 1, 1995:

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.

(A) The property is new property or new improvements to property;

(B) The property is partitioned or subdivided;

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

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

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

(F) A lot line adjustment is made with respect to the property, except that the total assessed value of all property affected by a lot line adjustment shall not exceed the total maximum assessed value of the affected property under paragraph (a) or (b) of this subsection.

(d) Property shall be valued under paragraph (c) of this subsection only for the first tax year in which the changes described in paragraph (c) of this subsection are taken into account following the effective date of this section. For each tax year thereafter, the limits described in paragraph (b) of this subsection apply.

(e) The Legislative Assembly shall enact laws that establish property classes and areas sufficient to make a determination under paragraph (c) of this subsection.

(f) Each property's assessed value shall not exceed the property's real market value.

(g) There shall not be a reappraisal of the real market value used in the tax year beginning July 1, 1995, for purposes of determining the property's maximum assessed value under paragraph (a) of this subsection.

(2)**(a)** The maximum assessed value of property that is assessed under a partial exemption or special assessment law shall be determined by applying the percentage reduction of paragraph (a) and the limit of paragraph (b) of subsection (1) of this section, or if newly eligible for partial exemption or special assessment, using a ratio developed in a manner consistent with paragraph (c) of subsection (1) of this section to the property's partially exempt or specially assessed value in the manner provided by law. After disqualification from partial exemption or special assessment, any additional taxes authorized by law may be imposed, but in the aggregate may not exceed the amount that would have been imposed under this section had the property not been partially exempt or specially assessed for the years for which the additional taxes are being collected.

(b) Paragraph (c) of subsection (1) of this section and paragraph (a) of this subsection do not apply to a partial exemption of the assessed value of property, or a credit allowed against the ad valorem property taxes owing on property, provided by law.

(3)(a)(A) The Legislative Assembly shall enact laws to reduce the amount of ad valorem property taxes imposed by local taxing districts in this state so that the total of all ad valorem property taxes imposed in this state for the tax year beginning July 1, 1997, is reduced by 17 percent from the total of all ad valorem property taxes that would have been imposed under repealed sections 11 and 11a of this Article (1995 Edition) and section 11b of this Article but not taking into account Ballot Measure 47 (1996), for the tax year beginning July 1, 1997.

(B) The ad valorem property taxes to be reduced under subparagraph (A) of this paragraph are those taxes that would have been imposed under repealed sections 11 or 11a of this Article (1995 Edition) or section 11b of this Article, as modified by subsection (11) of this section, other than taxes described in subsection (4), (5), (6) or (7) of this section, taxes imposed to pay bonded indebtedness described in section 11b of this Article, as modified by paragraph (d) of subsection (11) of this section, or taxes described in section 1c, Article IX of this Constitution.

(C) It shall be the policy of this state to distribute the reductions caused by this paragraph so as to reflect:

(i) The lesser of ad valorem property taxes imposed for the tax year beginning July 1, 1995, reduced by 10 percent, or ad valorem property taxes imposed for the tax year beginning July 1, 1994;

(ii) Growth in new value under subparagraph (A), (B), (C), (D) or (E) of paragraph (c) of subsection (1) of this section, as added to the assessment and tax rolls for the tax year beginning July 1, 1996, or July 1, 1997 (or, if applicable, for the tax year beginning July 1, 1995); and

(iii) Ad valorem property taxes authorized by voters to be imposed in tax years beginning on or after July 1, 1996, and imposed according to that authority for the tax year beginning July 1, 1997.

(D) It shall be the policy of this state and the local taxing districts of this state to prioritize public safety and public education in responding to the reductions caused by this paragraph while minimizing the loss of decision-making control of local taxing districts.

(E) If the total value for the tax year beginning July 1, 1997, of additions of value described in subparagraph (A), (B), (C), (D) or (E) of paragraph (c) of subsection (1) of this section that are added to the assessment and tax rolls for the tax year beginning July 1, 1996, or July 1, 1997, exceeds four percent of the total assessed value of property statewide for the tax year beginning July 1, 1997 (before taking into account the additions of value described in subparagraph (A), (B), (C), (D) or (E) of paragraph (c) of subsection (1) of this section), then any ad valorem property taxes attributable to the excess above four percent shall reduce the dollar amount of the reduction described in subparagraph (A) of this paragraph.

(b) For the tax year beginning July 1, 1997, the ad valorem property taxes that were reduced under paragraph (a) of this subsection shall be imposed on the assessed value of property in a local taxing district as provided by law, and the rate of the ad valorem property taxes imposed under this paragraph shall be the local taxing district's permanent limit on the rate of ad valorem property taxes imposed by the district for tax years beginning after July 1, 1997, except as provided in subsection (5) of this section.

(c)(A) A local taxing district that has not previously imposed ad valorem property taxes and that seeks to impose ad valorem property taxes shall establish a limit on the rate of ad valorem property tax to be imposed by the district. The rate limit established under this subparagraph shall be approved by a majority of voters voting on the question. The rate limit approved under this subparagraph shall serve as the district's permanent rate limit under paragraph (b) of this subsection.

(B) The voter participation requirements described in subsection (8) of this section apply to an election under this paragraph.

(d) If two or more local taxing districts seek to consolidate or merge, the limit on the rate of ad valorem property tax to be imposed by the consolidated or merged district shall be the rate that would produce the same tax revenue as the local taxing districts would have cumulatively produced in the year of consolidation or merger, if the consolidation or merger had not occurred.

(e)(A) If a local taxing district divides, the limit on the rate of ad valorem property tax to be imposed by each local taxing district after division shall be the same as the local taxing district's rate limit under paragraph (b) of this subsection prior to division.

(B) Notwithstanding subparagraph (A) of this paragraph, the limit determined under this paragraph shall not be greater than the rate that would have produced the same amount of ad valorem property tax revenue in the year of division, had the division not occurred.

(f) Rates of ad valorem property tax established under this subsection may be carried to a number of decimal places provided by law and rounded as provided by law.

(g) Urban renewal levies described in this subsection shall be imposed as provided in subsections (15) and (16) of this section and may not be imposed under this subsection.

(h) Ad valorem property taxes described in this subsection shall be subject to the limitations described in section 11b of this Article, as modified by subsection (11) of this section.

(4)(a)(A) A local taxing district other than a school district may impose a local option ad valorem property tax that exceeds the limitations imposed under this section by submitting the question of the levy to voters in the local taxing district and obtaining the approval of a majority of the voters voting on the question.

(B) The Legislative Assembly may enact laws permitting a school district to impose a local option ad valorem property tax as otherwise provided under this subsection.

(b) A levy imposed pursuant to legislation enacted under this subsection may be imposed for no more than five years, except that a levy for a capital project may be imposed for no more than the lesser of the expected useful life of the capital project or 10 years.

(c) The voter participation requirements described in subsection (8) of this section apply to an election held under this subsection.

(5)(a) Any portion of a local taxing district levy shall not be subject to reduction and limitation under paragraphs (a) and (b) of subsection (3) of this section if that portion of the levy is used to repay:

(A) Principal and interest for any bond issued before December 5, 1996, and secured by a pledge or explicit commitment of ad valorem property taxes or a covenant to levy or collect ad valorem property taxes;

(B) Principal and interest for any other formal, written borrowing of moneys executed before December 5, 1996, for which ad valorem property tax revenues have been pledged or explicitly committed, or that are secured by a covenant to levy or collect ad valorem property taxes;

(C) Principal and interest for any bond issued to refund an obligation described in subparagraph (A) or (B) of this paragraph; or

(D) Local government pension and disability plan obligations that commit ad valorem property taxes and to ad valorem property taxes imposed to fulfill those obligations.

(b)(A) A levy described in this subsection shall be imposed on assessed value as otherwise provided by law in an amount sufficient to repay the debt described in this subsection. Ad valorem property taxes may not be imposed under this subsection that repay the debt at an earlier date or on a different schedule than established in the agreement creating the debt.

(B) A levy described in this subsection shall be subject to the limitations imposed under section 11b of this Article, as modified by subsection (11) of this section.

(c)(A) As used in this subsection, "local government pension and disability plan obligations that commit ad valorem property taxes" is limited to contractual obligations for which the levy of ad valorem property taxes has been committed by a local government charter provision that was in effect on December 5, 1996, and, if in effect on December 5, 1996, as amended thereafter.

(B) The rates of ad valorem property taxes described in this paragraph may be adjusted so that the maximum allowable rate is capable of raising the revenue that the levy would have been authorized to raise if applied to property valued at real market value.

(C) Notwithstanding subparagraph (B) of this paragraph, ad valorem property taxes described in this paragraph shall be taken into account for purposes of the limitations in section 11b of this Article, as modified by subsection (11) of this section.

(D) If any proposed amendment to a charter described in subparagraph (A) of this paragraph permits the ad valorem property tax levy for local government pension and disability plan obligations to be increased, the amendment must be approved by voters in an election. The voter participation requirements described in subsection (8) of this section apply to an election under this subparagraph. No amendment to any charter described in this paragraph may cause ad valorem property taxes to exceed the limitations of section 11b of this Article, as amended by subsection (11) of this section.

(d) If the levy described in this subsection was a tax base or other permanent continuing levy, other than a levy imposed for the purpose described in subparagraph (D) of paragraph (a) of this subsection, prior to the effective date of this section, for the tax year following the repayment of debt described in this subsection the local taxing district's rate of ad valorem property tax established under paragraph (b) of subsection (3) of this section shall be increased to the rate that would have been in effect had the levy not been excepted from the reduction described in subsection (3) of this section. No adjustment shall be made to the rate of ad valorem property tax of local taxing districts other than the district imposing a levy under this subsection.

(e) If this subsection would apply to a levy described in paragraph (d) of this subsection, the local taxing district imposing the levy may elect out of the provisions of this subsection. The levy of a local taxing district making the election shall be included in the reduction and ad valorem property tax rate determination described in subsection (3) of this section.

(6)(a) The ad valorem property tax of a local taxing district, other than a city, county or school district, that is used to support a hospital facility shall not be subject to the reduction described in paragraph (a) of subsection (3) of this section. The entire ad valorem property tax imposed under this subsection for the tax year beginning July 1, 1997, shall be the local taxing district's permanent limit on the rate of ad valorem property taxes imposed by the district under paragraph (b) of subsection (3) of this section.

(b) Ad valorem property taxes described in this subsection shall be subject to the limitations imposed under section 11b of this Article, as modified by subsection (11) of this section.

(7) Notwithstanding any other existing or former provision of this Constitution, the following are validated, ratified, approved and confirmed:

(a) Any levy of ad valorem property taxes approved by a majority of voters voting on the question in an election held before December 5, 1996, if the election met the voter participation requirements described in subsection (8) of this section and the ad valorem property taxes were first imposed for the tax year beginning July 1, 1996, or July 1, 1997. A levy described in this paragraph shall not be subject to reduction under paragraph (a) of subsection (3) of this section but shall be taken into account in determining the local taxing district's permanent rate of ad valorem property tax under paragraph (b) of subsection (3) **of** this section. This paragraph does not apply to levies described in subsection (5) of this section or to levies to pay bonded indebtedness described in section 11b of this Article, as modified by subsection (11) of this section.

(b) Any serial or one-year levy to replace an existing serial or one-year levy approved by a majority of the voters voting on the question at an election held after December 4, 1996, and to be first imposed for the tax year beginning July 1, 1997, if the rate or the amount of the levy approved is not greater than the rate or the amount of the levy replaced.

(c) Any levy of ad valorem property taxes approved by a majority of voters voting on the question in an election held on or after December 5, 1996, and before the effective date of this section if the election met the voter participation requirements described in subsection (8) of this section and the ad valorem property taxes were first imposed for the tax year beginning July 1, 1997. A levy described in this paragraph shall be treated as a local option ad valorem property tax under subsection (4) of this section. This paragraph does not apply to levies described in subsection (5) of this section or to levies to pay bonded indebtedness described in section 11b of this Article, as modified by subsection (11) of this section.

(8) An election described in subsection (3), (4), (5)(c)(D), (7)(a) or (c) or (11) of this section shall authorize the matter upon which the election is being held only if:

(a) At least 50 percent of registered voters eligible to vote in the election cast a ballot; or

(b) The election is a general election in an even-numbered year.

(9) The Legislative Assembly shall replace, from the state's General Fund, revenue lost by the public school system because of the limitations of this section. The amount of the replacement revenue shall not be less than the total replaced in fiscal year 1997-1998.

(10)(a) As used in this section:

(A) "Improvements" includes new construction, reconstruction, major additions, remodeling, renovation and rehabilitation, including installation, but does not include minor construction or ongoing maintenance and repair.

(B) "Ad valorem property tax" does not include taxes imposed to pay principal and interest on bonded indebtedness described in paragraph (d) of subsection (11) of this section.

(b) In calculating the addition to value for new property and improvements, the amount added shall be net of the value of retired property.

(11) For purposes of this section and for purposes of implementing the limits in section 11b of this Article in tax years beginning on or after July 1, 1997:

(a)(A) The real market value of property shall be the amount in cash that could reasonably be expected to be paid by an informed buyer to an informed seller, each acting without compulsion in an arm's length transaction occurring as of the assessment date for the tax year, as established by law.

(B) The Legislative Assembly shall enact laws to adjust the real market value of property to reflect a substantial casualty loss of value after the assessment date.

(b) The $5 (public school system) and $10 (other government) limits on property taxes per $1,000 of real market value described in subsection (1) of section 11b of this Article shall be determined on the basis of property taxes imposed in each geographic area taxed by the same local taxing districts.

(c)(A) All property taxes described in this section are subject to the limits described in paragraph (b) of this subsection, except for taxes described in paragraph (d) of this subsection.

(B) If property taxes exceed the limitations imposed under either category of local taxing district under paragraph (b) of this subsection:

(i) Any local option ad valorem property taxes imposed under this subsection shall be proportionally reduced by those local taxing districts within the category that is imposing local option ad valorem property taxes; and

(ii) After local option ad valorem property taxes have been eliminated, all other ad valorem property taxes shall be proportionally reduced by those taxing districts within the category, until the limits are no longer exceeded.

(C) The percentages used to make the proportional reductions under subparagraph (B) of this paragraph shall be calculated separately for each category.

(d) Bonded indebtedness, the taxes of which are not subject to limitation under this section or section 11b of this Article, consists of:

(A) Bonded indebtedness authorized by a provision of this Constitution;

(B) Bonded indebtedness issued on or before November 6, 1990; or

(C) Bonded indebtedness:

(i) Incurred for capital construction or capital improvements; and

(ii)(I) If issued after November 6, 1990, and approved prior to December 5, 1996, the issuance of which has been approved by a majority of voters voting on the question; or

(II) If approved by voters after December 5, 1996, the issuance of which has been approved by a majority of voters voting on the question in an election that is in compliance with the voter participation requirements in subsection (8) of this section.

(12) Bonded indebtedness described in subsection (11) of this section includes bonded indebtedness issued to refund bonded indebtedness described in subsection (11) of this section.

(13) As used in subsection (11) of this section, with respect to bonded indebtedness issued on or after December 5, 1996, "capital construction" and "capital improvements":

(a) Include public safety and law enforcement vehicles with a projected useful life of five years or more; and

(b) Do not include:

(A) Maintenance and repairs, the need for which could reasonably be anticipated.

(B) Supplies and equipment that are not intrinsic to the structure.

(14) Ad valorem property taxes imposed to pay principal and interest on bonded indebtedness described in section 11b of this Article, as modified by subsection (11) of this section, shall be imposed on the assessed value of the property determined under this section or, in the case of specially assessed

property, as otherwise provided by law or as limited by this section, whichever is applicable.

(15) If ad valorem property taxes are divided as provided in section 1c, Article IX of this Constitution, in order to fund a redevelopment or urban renewal project, then notwithstanding subsection (1) of this section, the ad valorem property taxes levied against the increase shall be used exclusively to pay any indebtedness incurred for the redevelopment or urban renewal project.

(16) The Legislative Assembly shall enact laws that allow collection of ad valorem property taxes sufficient to pay, when due, indebtedness incurred to carry out urban renewal plans existing on December 5, 1996. These collections shall cease when the indebtedness is paid. Unless excepted from limitation under section 11b of this Article, as modified by subsection (11) of this section, nothing in this subsection shall be construed to remove ad valorem property taxes levied against the increase from the dollar limits in paragraph (b) of subsection (11) of this section.

(17)(a) If, in an election on November 5, 1996, voters approved a new tax base for a local taxing district under repealed section 11 of this Article (1995 Edition) that was not to go into effect until the tax year beginning July 1, 1998, the local taxing district's permanent rate limit under subsection (3) of this section shall be recalculated for the tax year beginning on July 1, 1998, to reflect:

(A) Ad valorem property taxes that would have been imposed had repealed section 11 of this Article (1995 Edition) remained in effect; and

(B) Any other permanent continuing levies that would have been imposed under repealed section 11 of this Article (1995 Edition), as reduced by subsection (3) of this section.

(b) The rate limit determined under this subsection shall be the local taxing district's permanent rate limit for tax years beginning on or after July 1, 1999.

(18) Section 32, Article I, and section 1, Article IX of this Constitution,

shall not apply to this section.

(19)(a) The Legislative Assembly shall by statute limit the ability of local taxing districts to impose new or additional fees, taxes, assessments or other charges for the purpose of using the proceeds as alternative sources of funding to make up for ad valorem property tax revenue reductions caused by the initial implementation of this section, unless the new or additional fee, tax, assessment or other charge is approved by voters.

(b) This subsection shall not apply to new or additional fees, taxes, assessments or other charges for a government product or service that a person:

(A) May legally obtain from a source other than government; and

(B) Is reasonably able to obtain from a source other than government.

(c) As used in this subsection, "new or additional fees, taxes, assessments or other charges" does not include moneys received by a local taxing district as:

(A) Rent or lease payments;

(B) Interest, dividends, royalties or other investment earnings;

(C) Fines, penalties and unitary assessments;

(D) Amounts charged to and paid by another unit of government for products, services or property; or

(E) Payments derived from a contract entered into by the local taxing district as a proprietary function of the local taxing district.

(d) This subsection does not apply to a local taxing district that derived less than 10 percent of the local taxing district's operating revenues from ad valorem property taxes, other than ad valorem property taxes imposed to pay bonded indebtedness, during the fiscal year ending June 30, 1996.

(e) An election under this subsection need not comply with the voter participation requirements described in subsection (8) of this section.

(20) If any provision of this section is determined to be unconstitutional or otherwise invalid, the remaining provisions shall continue in full force and effect.

SECTION 11m. (1) The amendment to section 11 of this Article by ______ Joint Resolution ______ (2025) applies to partial exemptions of the assessed value of property, and credits allowed against the ad valorem property taxes owing on property, provided by law before, on or after July 1, 2026.

(2) This section is repealed on January 2, 2028.

PARAGRAPH 2. The amendment proposed by this resolution shall be submitted to the people for their approval or rejection at the next regular general election held throughout this state.