

HB 2064 STAFF MEASURE SUMMARY

Joint Committee On Tax Expenditures

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Meeting Dates: 3/10

WHAT THE MEASURE DOES:

Establishes an explicit sunset date of June 30, 2030 for full exemption of property tax for cemetery or crematory land transferred to low-income housing. Establishes grandfather clause that should this policy sunset on June 30, 2030, exempt land at that time shall remain exempt on same terms under which the exemption was granted. Takes effect January 1, 2024.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

According to the Department of Revenue 2023-25 Tax Expenditure Report, the reduction in taxable assessed value due to this policy was less than \$1 million in Fiscal Year 2021-22, resulting in a revenue loss of less than \$100,000 in the 2021-23 biennium. Although the Housing and Community Services Department doesn't administer this program, it does not know the supply of vacant cemetery land and the utilization rate for this program.

In general, if land that was used or held exclusively for cemetery or crematory purposes ceases to be used or held exclusively for those purposes, it becomes taxable. The additional taxes are the taxes on the land for the last 10 years that would have been assessed if not for the exempt status (ORS 307.155). With this proposed legislation, exempt land that ceases to be used for Cemeteries, Burial Grounds, and Mausoleums (ORS 307.150), is not subject to the additional taxes if the owner applies for and receives a property tax exemption under either Property for Low-income Rental (ORS 307.517-307.518) or Nonprofit Low-income Rental Housing (ORS 307.541). The land must qualify or be used as low-income rental housing under one of these exemptions for at least 10 years, otherwise the additional taxes become due.

The current sunset date for this policy is June 30, 2024. Since the full exemption of property tax for cemetery or crematory land transferred to low-income housing became law in 2018 (HB 4028), it, like other property tax exemptions enacted after 2014, has an implicit sunset date of 6 tax years after the initial tax year for which the credit is applicable (ORS 315.037).