

**HB 2705 A STAFF MEASURE SUMMARY**

**Joint Committee On Tax Expenditures**

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**Prepared By:** Beau Olen, Economist

**Meeting Dates:** 4/7

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**WHAT THE MEASURE DOES:**

Authorizes city or county to adopt ordinance or resolution to establish alternative schedule in which, for 10 years, percentage of property tax exemption granted to affordable newly rehabilitated or constructed multiunit rental housing increases with percentage of property's units rented to households with income below particular level. Takes effect 91st day after sine die.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

Currently, cities and counties are authorized to establish a schedule where the exemption level is fixed and the number of years the exemption is granted is variable, up to a maximum of 10 years. The exemption may only be granted if the newly rehabilitated or constructed multiunit rental housing is completed after adoption of ordinance or resolution. The exemption may not take effect unless 51 percent or more of the consolidated tax rate for the eligible rental property is attributable to districts whose governing bodies pass a resolution in support of granting the exemption. If the exemption takes effect, it applies to all property taxes of all taxing districts in which eligible rental property is located. To receive the exemption an application must be filed for a property each year.

The exemption will be repealed on January 2, 2027. However, any property granted this exemption continues to receive it under the terms in effect at the time the exemption was first granted.