

SB 198 -1 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 3/27, 4/18

WHAT THE MEASURE DOES:

Creates distinction between residential and commercial floating structures. Requires personal property tax return to be filed for commercial floating structures. Applies to property tax years beginning on or after July 1, 2023. Takes effect 91st day after sine die.

ISSUES DISCUSSED:

- The definition of “commercial floating structure” is broad enough to leave taxpayers and administrators wondering whether it is meant to include things such as occasional vacation rental use or a home business in a residence.
- The bill applies to property tax years beginning on or after July 1, 2023. When the bill becomes effective, likely after the September 25 date when the tax roll is locked and turned, county assessors will have to make tax roll corrections this year. Taxpayers may submit late payments in their attempt to avoid an error/correction. The solution would be to make the bill applicable to tax years beginning on or after July 1, 2024.
- This bill is a technical fix, the elements of which were identified as a result of implementing Senate Bill 1559 (2022).
- A requirement for residential floating structures to submit a personal property tax return may be burdensome. The values on these returns are not used by the county assessor.

EFFECT OF AMENDMENT:

-1 Clarifies that a "commercial floating structure" are those that are used "exclusively" for the production of income or for commercial purposes. Makes the bill applicable to tax years beginning on or after July 1, 2024 to avoid tax roll errors that later need to be corrected.

BACKGROUND:

For property tax purposes, “personal property” includes non-farm business property that is mobile, manufactured homes when the owner does not also own the land, and floating homes. Non-farm businesses owners with mobile personal property are required to file a personal property tax return by March 15 each year.

Requiring a return for business personal property ensures information is provided for the exemption of business personal property [ORS 308.250(2)] and for the necessary reporting of added or deleted personal property since the prior assessment year. To receive an exemption from property tax where one did not exist in the previous tax year, the taxpayer must file a business personal property return with the county assessor. After receiving an initial exemption of property tax on this property, in order to maintain the exemption for future years, the taxpayer may file an annual statement declaring that the value continues to be less than the threshold. If the taxpayer has added or deleted personal property since the prior assessment year, the taxpayer is required to submit to the county assessor a signed business personal property return with an updated asset detail list.

In 2022, Senate Bill 1559 eliminated the requirement for a return to be filed for manufactured structures and for floating homes, unless new property or new improvements had been added in the year.

With SB 198, personal property for residential and commercial floating structures remains taxable.