

Senate Bill 154-2
Proposed by the Department of Revenue

SECTION 2. ORS 307.286 is amended to read:

307.286. (1) Upon compliance with ORS 307.289, there shall be exempt from taxation up to \$60,000 of the assessed value of the homestead of any resident of this state who is:

(a) Serving in the Oregon National Guard, military reserve forces or organized militia of any other state or territory of the United States; and

(b) Performing service:

(A) Under Title 10 of the United States Code or pursuant to a deployment made under the authority of the Emergency Management Assistance Compact; and

(B) For more than 178 consecutive days, if at least one of the days falls within the tax year for which the exemption is claimed.

(2) For each tax year beginning on or after July 1, 2006, the amount of the exemption allowed under subsection (1) of this section shall equal 103 percent of the amount of the exemption for the prior tax year.

(3) As used in this section, <homestead> means residential property that is owned by a person described in subsection (1) of this section and that, but for military service, would be occupied as a residence by the person.

(4)(a) When a resident described in subsection (1) completes the service described in subsection (1)(b), the property may, upon application to the county assessor, be granted a specially assessed value that equals the real market value of the homestead as of January 1 of each assessment year during which the property is specially assessed.

(b) For the first property tax year for which eligible property is assessed under this subsection, the eligible property's maximum specially assessed value shall equal the product of the specially assessed value multiplied by the ratio, not greater than 1.00, of the maximum assessed value the homestead would have had for the applicable property tax year if it had never been exempt under subsection (1) to the real market value of the homestead.

(c)(A) For each year after the first property tax year for which the eligible property is specially assessed under this subsection and before disqualification from the specially assessed value, the maximum specially assessed value shall equal the greater of 103 percent of the eligible property's assessed value from the prior property tax year or 100 percent of the eligible property's maximum specially assessed value from the prior property tax year.

(B) If new property or new improvements are added to the property, the maximum specially assessed value shall be increased by the value of the new property or new improvements multiplied by the ratio, not greater than 1.00, of the average maximum assessed value over the average real market value for the assessment year.

(5) The assessed value of the eligible property for any property tax year during which the eligible property is granted a specially assessed value under subsection (4) shall be the least of:

(a) The eligible property's maximum specially assessed value as determined under subsection (4) of this section;

(b) The eligible property's specially assessed value as determined under subsection (4) of this section.

(6) A claim for an initial year of specially assessed value must be filed in accordance with ORS 307.289.

(7) Eligible property shall be assessed and taxed as other property similarly situated is assessed and taxed beginning with the property tax year that immediately succeeds the earliest of:

(a) The date on which the homestead is no longer occupied by the owner as a homestead, except when the owner is required to be absent by reason of health or active military service;

(b) The date on which the homestead is rented to another person for any duration; or

(c) The date on which the homestead is sold or transferred to new ownership.

(8) ORS 315.037 does not apply to this section.

SECTION 3. ORS 307.289 is amended to read:

307.289. (1) Each person qualifying for the exemption **or special assessment** under ORS 307.286 shall file with the county assessor, on forms supplied by the assessor, a claim in writing on or before August 1 following the end of the **last** tax year for which the exemption is claimed.

(2) The claim shall set out the basis of the claim and designate the property to which the exemption **or special assessment** may apply. Claims for exemptions **or special assessment** under ORS 307.286 shall include a statement by the claimant under oath or affirmation setting forth the basis for eligibility for the exemption. The claim shall also include an affidavit or affirmation of the claimant that the statements contained therein are true.

(3) Notwithstanding subsection (1) of this section and ORS 307.286 (1), an individual described in ORS 307.286 (1) who applies prior to the date on which service begins shall be allowed the exemption **and special assessment** if the claimant has written orders that require the performance of service for at least one day during the tax year for which the exemption is being claimed and the claimant is otherwise eligible for the exemption.

(4)(a) Notwithstanding subsection (1) of this section and ORS 307.286 (1), an individual who is lawfully occupying the homestead of the qualifying person may file a claim for the exemption under ORS 307.286 by the time prescribed in subsection (1) of this section if the qualifying person died while performing the service described in ORS 307.286 (1)(b)(A) during the current or prior tax year.

(b) The claim shall be allowed by the county assessor if the qualifying person met all of the qualifications for an exemption under ORS 307.286 prior to death, other than the number of consecutive days of service.

(5)(a) If taxes on the exempt value have been paid, the taxes shall be refunded in the manner prescribed in subsection (6) of this section. If taxes on the exempt value have not been paid, the taxes and any interest thereon shall be abated.

(b) If the special assessment results in a refund of taxes paid, the taxes shall be refunded in the manner prescribed in subsection (6) of this section. If the taxes on the property have not been paid, any unpaid taxes in excess of the amounts due under the special assessment provision and any interest thereon shall be abated.

(6) The tax collector shall notify the governing body of the county of any refund required under this section and the governing body shall cause a refund of the taxes and any interest paid to be made from the unsegregated tax collections account described in ORS 311.385. The refund under this subsection shall be made without interest. The county assessor and tax collector shall make the necessary corrections in the records of their offices.

SECTION 4. ORS 310.165 is amended to read:

310.165. (1) For any unit of property partially exempt from tax under ORS 307.250, 307.370 or 308.459 or any other law, the assessor shall determine the maximum amount of taxes on property to be imposed on such unit of property under ORS 310.150, by using the lesser of the real market value or the taxable value of the unit of property after the exemption has been applied.

(2) For any unit of property that is specially assessed for ad valorem tax purposes under ORS 308A.050 to 308A.128, 308A.250 to 308A.259, 308A.315, 321.257 to 321.390, 321.700 to 321.754, 321.805 to 321.855 or 358.480 to 358.545, **and this 2023 Act**, the assessor shall determine the maximum amount of taxes on property to be imposed on such property under ORS 310.150 by using the lesser of the real market value or the specially assessed value of the property.

(3) In the case of any unit of property of which a part of the unit is exempt from taxation, and that part may be identified both as to value and physical description, the real market value of the unit shall not include the value of the exempt part of the unit.

(4) This subsection applies to any unit of property described in subsection (1) or (2) of

this section for which the maximum amount of taxes imposed has been determined under this section. If the unit of property is subject to imposition of additional taxes due to disqualification from special assessment or partial exemption, the determination of the maximum amount of additional taxes that may be imposed due to disqualification shall be made on the basis of the real market value of the property for the year to which the additional taxes relate.

SECTION 5. The amendments to ORS 307.260, 307.286, 307.289 and 310.165 by sections 1, 2, 3 and 4 of this 2023 Act apply to property tax years beginning on or after July 1, 2024.