

**SB 919 B STAFF MEASURE SUMMARY****Carrier:** Rep. Nathanson**House Committee On Revenue****Action Date:** 06/22/23**Action:** Do Pass the B-Eng bill.**Vote:** 6-0-1-0**Yeas:** 6 - Levy B, Marsh, Nathanson, Nguyen D, Smith G, Walters**Exc:** 1 - Reschke**Fiscal:** Has minimal fiscal impact**Revenue:** Revenue impact issued**Prepared By:** Beau Olen, Economist**Meeting Dates:** 6/22, 6/22**WHAT THE MEASURE DOES:**

Allows a property tax exemption for up to 5 years for a newly constructed accessory dwelling unit, or a newly converted duplex, triplex, or quadplex that is occupied as a primary residence. Applies to property tax years beginning on or after July 1, 2024. Takes effect on the 91st day after sine die.

For the exemption to take effect, the combined property tax rate of the taxing districts that support the ordinance or resolution must be at least 51 percent of the total tax rate. If the exemption takes effect, it applies to property taxes of all taxing districts for the eligible property. A city or county can adopt an ordinance to amend or repeal the exemption at any time. However, a property that has been granted an exemption before the effective date of the amendment will continue to receive the exemption under the terms in effect at the time the exemption was first granted. The exemption is in addition to any other property tax relief and it does not have a sunset date.

An exemption application must be submitted each year by the person responsible for paying property tax. If the property is sold, the exemption may continue if the property remains eligible and the annual application is submitted timely. The property is disqualified from exemption if there are new property or new improvements to property during the exemption term. Upon disqualification, back taxes become due.

For a newly converted duplex, triplex, or quadplex, only the units occupied as a primary residence are eligible for exemption. A newly constructed accessory dwelling unit (ADU) must be occupied as a primary residence to be exempt, but the main dwelling unit doesn't need to be occupied as a primary residence because it is not eligible for exemption. If any exempt unit is no longer occupied as a primary residence, the entire property becomes ineligible for exemption.

**ISSUES DISCUSSED:**

- City or county option
- Risk of reduced revenue for local governments
- Expansion of housing supply
- Confidence in on-the-ground implementation
- Recalculation of maximum assessed value
- Proportional exemption for units occupied as a primary residence

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

“Middle housing” means duplexes, triplexes, quadplexes, cottage clusters, and townhouses (ORS 197.758(1)(b)). The following are the partial property tax exemptions for housing that are reported in the Department of

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Revenue's Tax Expenditure Report (TER), some of which apply to an ADU and middle housing:

- Vertical Housing Development Zone (TER 2.102)
- Certain Single-Unit Housing (TER 2.103)
- Rehabilitated Housing (2.104)
- Multi-Unit Rental Housing in Designated Areas (2.105)
- Low-Income Multi-Unit Rental Housing (2.106)
- Property for Low-Income Rental (2.107)
- Nonprofit Low-Income Rental Housing (2.108)
- New or Rehabilitated Multi-Unit Rental Housing (2.109)
- Home Share Program Low-Income Housing (2.110)
- Veterans in Nonprofit Elderly Housing (2.112)
- Workforce Housing (2.113)
- Affordable Housing Covenant (2.114)