

House Bill 2569

Sponsored by Representative RESCHKE (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires legislative review during odd-numbered year regular session of all tax credits scheduled to expire during upcoming even-numbered year or lacking review during two immediately preceding odd-numbered year regular sessions. Directs Legislative Revenue Officer to report to interim committee on all tax credits enacted, amended or repealed during each odd-numbered year regular session.

Repeals automatic sunset provisions applicable to tax expenditures. Applies to tax expenditures in effect and applicable on or after effective date of Act.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to applicability periods for tax expenditures; creating new provisions; amending ORS
3 307.140, 307.555, 307.872, 315.047, 315.051 and 320.401 and section 1, chapter 203, Oregon Laws
4 2019, and section 7, chapter 34, Oregon Laws 2022; repealing ORS 315.037; and prescribing an
5 effective date.

6 **Be It Enacted by the People of the State of Oregon:**

7 **SECTION 1.** ORS 315.051 is amended to read:

8 315.051. (1) Prior to the beginning of each odd-numbered year regular session, the Legislative
9 Revenue Officer shall submit a report addressing each income or excise tax credit that is scheduled
10 to expire during the next even-numbered year **or that has not been reviewed by a legislative**
11 **committee related to revenue during either of the two immediately preceding odd-numbered**
12 **year regular sessions**. The Legislative Revenue Officer shall submit the report to a committee of
13 the Legislative Assembly related to revenue, and may include information related to other tax
14 credits in the report at the direction of an interim committee related to revenue. In preparing the
15 report, the Legislative Revenue Officer shall seek input from the Department of Revenue, the Leg-
16 islative Fiscal Officer and state agencies involved in administering any given credit.

17 (2) The report required in subsection (1) of this section shall set forth:

18 (a) The stated public policy purpose, if any, of the credit.

19 (b) The expected timeline for achieving the public policy purpose, if a timeline exists.

20 (c) The best means of measuring achievement of the public policy purpose.

21 (d) The taxpayers or other entities or individuals that directly benefit from allowance of the
22 credit and whether the credit is intended to benefit particular targets.

23 (e) The effectiveness of the credit in benefiting its targets and any evidence that demonstrates
24 its impact on its targets.

25 (f) The expected results if the credit is allowed to expire under current law and any potential
26 results of making incremental changes in the value of the credit rather than allowing it to expire.

27 (g) Background information on the effect of similar credits allowed in other states.

28 (h) Information regarding whether use of a tax credit is an effective and efficient way to achieve

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 the stated policy goal.

2 (i) The administrative and compliance costs associated with the credit.

3 (j) Analysis of whether a direct appropriation might achieve the stated public policy purpose of
4 the credit more efficiently.

5 (k) What other incentives, including state or local subsidies or federal tax expenditures or sub-
6 sidies, are available in this state that have a similar policy purpose.

7 **SECTION 2.** ORS 315.047 is amended to read:

8 315.047. (1) Prior to the beginning of each odd-numbered year regular session, the Legislative
9 Revenue Officer shall prepare a list of all tax credits that have revenue impact, for the most recent
10 tax year for which sufficient information exists to make a determination, that exceeds the revenue
11 impact projected in the most recent revenue impact statement prepared under ORS 173.025 for the
12 measure enacting or amending the tax credit provision. The Legislative Revenue Officer shall submit
13 the list with the report required under ORS 315.051.

14 (2) The Legislative Revenue Officer shall identify those credits under subsection (1) of this sec-
15 tion:

16 (a) For which the revenue impact exceeds the projected revenue impact by at least 10 percent;
17 and

18 (b) That may be claimed in tax years beginning on or after January 1 of the next even year.

19 (3) During the odd-numbered year regular session, a legislative committee related to revenue
20 shall consider all tax credits that are identified under subsection (2) of this section **or under ORS**
21 **315.051** at a public hearing conducted by the committee.

22 (4) **Following adjournment sine die of each odd-numbered year regular session, but no**
23 **later than September 15 of each odd-numbered year, the Legislative Revenue Officer shall**
24 **submit to an interim legislative committee of the Legislative Assembly related to revenue a**
25 **report describing each tax credit that has been enacted, amended or repealed during imme-**
26 **diately preceding odd-numbered year regular session.**

27 **SECTION 3.** ORS 307.140 is amended to read:

28 307.140. Upon compliance with ORS 307.162, the following property owned or being purchased
29 by religious organizations shall be exempt from taxation:

30 (1) All houses of public worship and other additional buildings and property used solely for ad-
31 ministration, education, literary, benevolent, charitable, entertainment and recreational purposes by
32 religious organizations, the lots on which they are situated, and the pews, slips and furniture
33 therein. However, any part of any house of public worship or other additional buildings or property
34 which is kept or used as a store or shop or for any purpose other than those stated in this section
35 shall be assessed and taxed the same as other taxable property.

36 (2) Parking lots used for parking or any other use as long as that parking or other use is per-
37 mitted without charge for no fewer than 355 days during the tax year.

38 (3) Land and buildings on the land held or used solely for cemetery or crematory purposes, in-
39 cluding any buildings solely used to store machinery or equipment used exclusively for maintenance
40 of such lands.

41 (4)(a) Land and buildings on the land held or used solely to provide affordable housing to low-
42 income households including, but not limited to, any portion of the property for any period during
43 which the portion of the property is rented out as affordable housing to low-income households.

44 (b) As used in this subsection:

45 (A) "Affordable housing" has the meaning given that term in ORS 197.311.

1 (B) “Low-income households” means households described in ORS 197.311 (1).

2 *[(5) ORS 315.037 does not apply to this section.]*

3 **SECTION 4.** ORS 307.555 is amended to read:

4 307.555. (1) As used in this section and ORS 307.558:

5 (a) “Affordable housing covenant” and “eligible covenant holder” have the meanings given those
6 terms under ORS 456.270.

7 (b) “Condominium unit” or “unit” has the meaning given that term under ORS 100.005.

8 (c) “Permanent” means for a period of not less than 99 years.

9 (2) Upon compliance with ORS 307.162, land owned by an eligible covenant holder that is bur-
10 dened by an affordable housing covenant requiring permanent affordability is exempt from ad
11 valorem property taxation if, for any property tax year:

12 (a) The improvements on the land constitute owner-occupied housing;

13 (b) Owner-occupied housing is being constructed or rehabilitated on the land for a reasonable
14 period;

15 (c) The land is being held for a reasonable period for the construction of owner-occupied hous-
16 ing;

17 (d) The owner-occupied housing on the land is unoccupied while offered for sale as owner-
18 occupied housing; or

19 (e) The owner is required to be absent from the owner-occupied housing on the land by reason
20 of health or active military service.

21 (3)(a) Upon compliance with ORS 307.162, 27 percent of the assessed value of an owner-occupied
22 condominium unit burdened by an affordable housing covenant requiring permanent affordability is
23 exempt from ad valorem property taxation.

24 (b) An owner-occupied condominium unit that otherwise remains eligible shall continue to re-
25 ceive the partial property tax exemption granted under this subsection if, for any property tax year:

26 (A) The unit is being rehabilitated for a reasonable period and will constitute owner-occupied
27 housing after the rehabilitation is complete;

28 (B) The unit is unoccupied while offered for sale as owner-occupied housing; or

29 (C) The owner is required to be absent from the unit by reason of health or active military
30 service.

31 (4)(a) Except as provided in paragraph (b) of this subsection, for purposes of subsections (2)(b)
32 and (c) and (3)(b)(A) of this section, “reasonable period” means a period not exceeding seven years.

33 (b) If, before the end of the sixth consecutive property tax year for which land or an owner-
34 occupied condominium unit is granted an exemption or partial exemption in the circumstances de-
35 scribed in subsection (2)(b) or (c) or (3)(b)(A) of this section, the eligible covenant holder or owner
36 believes that the construction, rehabilitation or holding period, as applicable, will continue past the
37 end of the next following property tax year, the eligible covenant holder or owner may claim a
38 three-year extension by filing a notice of extension with the county assessor.

39 (c) The extension becomes effective if the notice of extension is filed on or before April 1 pre-
40 ceeding the first property tax year for which the extension is claimed and is accompanied by a filing
41 fee equal to the greater of \$200 or one-tenth of one percent of the real market value of the land or
42 the owner-occupied condominium unit as of the most recent assessment date.

43 (5) Each year that a parcel of land or an owner-occupied condominium unit is granted exemption
44 or partial exemption under this section, the county assessor shall enter on the assessment and tax
45 roll that the property is exempt or partially exempt and is subject to potential additional taxes as

1 provided under ORS 307.558 by adding the notation “potential additional taxes.”

2 [(6) *ORS 315.037 does not apply to this section.*]

3 **SECTION 5.** ORS 307.872 is amended to read:

4 307.872. (1) A tax of two percent is imposed on the rental price received for any qualified heavy
5 equipment.

6 (2) The tax imposed under this section shall be collected by the qualified heavy equipment pro-
7 vider from the renter at the time that the rental of the qualified heavy equipment is made.

8 (3) Qualified heavy equipment is exempt from any and all ad valorem property taxes if rental
9 of the qualified heavy equipment is subject to taxation under this section.

10 (4) [*Notwithstanding ORS 315.037,*] The exemption granted under subsection (3) of this section
11 does not have a maximum term.

12 (5) The Department of Revenue may adopt rules necessary for the administration and enforce-
13 ment of the heavy equipment rental tax under ORS 307.870 to 307.890.

14 **SECTION 6.** ORS 320.401 is amended to read:

15 320.401. [*For purposes of ORS 315.037,*] Any tax expenditure enacted with respect to any or all
16 transportation project taxes shall remain in continuous effect until the Legislative Assembly ex-
17 pressly provides otherwise.

18 **SECTION 7.** Section 1, chapter 203, Oregon Laws 2019, is amended to read:

19 **Sec. 1.** [*Notwithstanding ORS 315.037,*] ORS 401.690 applies to all tax years beginning on or
20 after January 1, 2016.

21 **SECTION 8.** Section 7, chapter 34, Oregon Laws 2022, is amended to read:

22 **Sec. 7.** [*Notwithstanding ORS 315.037,*] Section 2 [*of this 2022 Act*], **chapter 34, Oregon Laws**
23 **2022**, applies to all tax years beginning on or after January 1, 2023.

24 **SECTION 9. ORS 315.037 is repealed.**

25 **SECTION 10. The repeal of ORS 315.037 applies to tax expenditures in effect and appli-**
26 **cable on or after the effective date of this 2023 Act.**

27 **SECTION 11. This 2023 Act takes effect on the 91st day after the date on which the 2023**
28 **regular session of the Eighty-second Legislative Assembly adjourns sine die.**

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