

# Enrolled Senate Bill 919

Sponsored by COMMITTEE ON HOUSING AND DEVELOPMENT

CHAPTER .....

AN ACT

Relating to housing; and prescribing an effective date.

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

**SECTION 1. (1) As used in sections 1 to 4 of this 2023 Act:**

**(a) "Adopting jurisdiction" means the governing body of a city or county that adopts an exemption law.**

**(b) "Eligible property" means property described in subsection (3) of this section.**

**(c) "Exemption law" means an ordinance or resolution adopted pursuant to subsection (2) of this section.**

**(2)(a) The governing body of a city or county may adopt by ordinance or resolution a law granting a property tax exemption for property described in subsection (3) of this section.**

**(b) The ordinance or resolution may include any other conditions for the exemption that do not conflict with sections 1 to 4 of this 2023 Act.**

**(3) Property of an owner, lessee or other person responsible for paying the taxes on the property is eligible for exemption under this section if the property is:**

**(a)(A) A newly constructed accessory dwelling unit as defined in ORS 215.501; or**

**(B) A duplex, triplex or quadplex that has been newly converted from a single-family dwelling; and**

**(b) During the period of the exemption:**

**(A) Used as the occupant's primary residence; and**

**(B) Not rented out for consideration as transient lodging for any duration.**

**(4) For purposes of this section, property shall be considered newly constructed or newly converted if, following the completion of the construction or conversion, a certificate of occupancy was issued for the property at any time within the 12-month period immediately preceding the date on which an application for the exemption is first filed under section 2 of this 2023 Act.**

**(5)(a) Eligible property shall be exempt from taxation for an initial property tax year and for the four succeeding property tax years, provided the conditions for eligibility are met for each year, including the filing of timely applications.**

**(b) Only one exemption may be granted per tax account.**

**(6)(a) An exemption law may not take effect unless:**

**(A) Upon request of the adopting jurisdiction, the governing bodies of the other taxing districts having territory within the boundaries of the city or county vote to approve the exemption; and**

(B) The combined rates of taxation of the city or county and all approving taxing districts equal 51 percent or more of the total combined rate of taxation on the eligible property.

(b) If the exemption law takes effect, the exemption shall apply to all property tax levies of all taxing districts in which the exempt property is located.

(c) The decisions of the taxing districts under paragraph (a) of this subsection may not be changed but are not binding with respect to an exemption law amended by the adopting jurisdiction pursuant to subsection (7) of this section.

(7)(a) An adopting jurisdiction may adopt at any time an ordinance or resolution amending the terms of an exemption law adopted pursuant to this section, subject to the approval of the taxing districts under subsection (6)(a) of this section, or repealing the exemption law.

(b) Notwithstanding paragraph (a) of this subsection, property that has been granted an exemption under the exemption law before the effective date of the amendment shall continue to receive the exemption under the terms in effect at the time the exemption was first granted.

(8) The exemption granted under this section is in addition to and not in lieu of any other property tax limit, exemption or partial exemption, special assessment or deferral.

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

**SECTION 2.** (1)(a) An adopting jurisdiction shall prescribe exemption application forms and the information required to be included in the application.

(b) If eligible property is located in a city and county, each of which is an adopting jurisdiction, the applicant shall elect the exemption the applicant wishes to receive for the eligible property by submitting the application to the appropriate governing body.

(2) An application for exemption for eligible property must:

(a) Be in writing on the form supplied by the city or county;

(b) Describe the property;

(c) Recite all facts establishing the eligibility of the property for the exemption; and

(d) Have attached:

(A) Any information or documentation required by the adopting jurisdiction; and

(B) A written declaration by the applicant, subject to penalties for false swearing, that the statements contained in the application are true.

(3) An application for an initial year of the exemption must be filed with the adopting jurisdiction in which the eligible property is located:

(a) If the certificate of occupancy for the eligible property is issued on or after July 1 and on or before March 1 of the immediately succeeding calendar year, after January 1 and on or before April 1 immediately preceding the property tax year for which the exemption is claimed; or

(b) If the certificate of occupancy is issued after March 1 and before July 1, after April 1 immediately preceding the property tax year for which the exemption is claimed and on or before August 1 of the property tax year for which the exemption is claimed.

(4) Applications for the succeeding years of the exemption must be filed annually with the adopting jurisdiction after January 1 and on or before April 1 immediately preceding the property tax year for which the exemption is claimed.

**SECTION 3.** (1) Within 60 days after receiving an application submitted under section 2 of this 2023 Act, the adopting jurisdiction shall determine whether the property to which the application relates is eligible property located within the boundaries of the city or county and whether the application complies with the adopting jurisdiction's exemption law and sections 1 to 4 of this 2023 Act.

(2)(a)(A) If the adopting jurisdiction determines that the property or application does not meet all the requirements described in subsection (1) of this section, the application shall be rejected and the applicant shall be notified of the decision and the reasons for the decision.

(B) Any person aggrieved by the denial of an application for exemption under this section may appeal to the Oregon Tax Court in the manner provided under ORS 305.404 to 305.560.

(b) If the adopting jurisdiction determines that the property and application meet all the requirements described in subsection (1) of this section, the adopting jurisdiction shall, as soon as practicable:

(A) Approve the application and notify the applicant of its decision; and

(B) File notice of the approval, and any additional information required under the exemption law or sections 1 to 4 of this 2023 Act, with the assessor of the county in which the eligible property is located.

(3) For each property tax year that eligible property is granted exemption, the county assessor shall enter on the assessment and tax roll that the eligible property is subject to potential additional taxes as provided under section 4 of this 2023 Act, by adding the notation “potential additional taxes.”

(4) If eligible property is transferred to new ownership within the five-year period of the exemption, the exemption may continue for the remaining number of years granted if:

(a) The property continues to qualify as eligible property; and

(b) Timely applications are filed under section 2 of this 2023 Act.

**SECTION 4.** (1) Upon the earlier of the date on which the five-year period of exemption granted under an exemption law expires, or new property or new improvements as defined in ORS 308.149 are added to the tax account that includes exempt eligible property, the eligible property shall:

(a) Have for the immediately succeeding property tax year a maximum assessed value as determined under ORS 308.156 (5); and

(b) Be assessed and taxed as other property similarly situated is assessed and taxed.

(2) Subsection (3) of this section applies if, as of January 1 of any assessment year within the five-year period of the exemption, the eligible property:

(a) Is no longer occupied as the primary residence of any individual; or

(b) Has been rented out for consideration as transient lodging for any duration.

(3)(a) Upon discovery by the adopting jurisdiction, or notice from the taxpayer to the adopting jurisdiction, that a circumstance listed in subsection (2) of this section has occurred, the adopting jurisdiction shall notify the county assessor of the circumstance.

(b) Upon receipt of the notice, the county assessor shall:

(A) Immediately terminate the property’s exemption;

(B) For the immediately succeeding property tax year, determine the maximum assessed value of the property under ORS 308.156 (5);

(C) Assess and tax the property as other property similarly situated is assessed and taxed; and

(D) Notwithstanding ORS 311.235, add to the general property tax roll for the property tax year next following the date of termination, to be collected and distributed in the same manner as other ad valorem property taxes, an amount equal to the difference between the taxes assessed against the eligible property during the period of the exemption and the taxes that would have been assessed against the property if it had never been granted the exemption, for each of the years for which the eligible property was granted the exemption.

(4) Additional taxes collected under this section shall be deemed to have been imposed in the year to which the additional taxes relate.

**SECTION 5.** Sections 1 to 4 of this 2023 Act apply to property tax years beginning on or after July 1, 2024.

**SECTION 6.** This 2023 Act takes effect on the 91st day after the date on which the 2023 regular session of the Eighty-second Legislative Assembly adjourns sine die.

**Passed by Senate June 20, 2023**

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Lori L. Brocker, Secretary of Senate

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Rob Wagner, President of Senate

**Passed by House June 23, 2023**

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Dan Rayfield, Speaker of House

**Received by Governor:**

.....M,....., 2023

**Approved:**

.....M,....., 2023

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Tina Kotek, Governor

**Filed in Office of Secretary of State:**

.....M,....., 2023

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Secretary of State