

## Property Tax Special Assessment for Wildfire Relief

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### Background

The Department of Revenue has three technical suggestions to ensure the bill achieves its own desired outcome.

### Administrative Topics

First, Section 1(3)(b) should read as follows:

For the first property tax year for which eligible property is assessed under this section, 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 ~~of the eligible property~~ **would have had** for the applicable property tax year **if it were not specially assessed** to the real market value of the eligible property for the applicable property tax year.

The reason is to make clear that the ratio used in lowering the assessed value (AV) for the eligible property will fully reduce it to the maximum-assessed value (MAV) the property would have had without any MAV growth that occurred in the interim. In other words, the phrase "would have had" is to achieve the "freezing" of AV for the taxpayer. Without the new bolded text, the "frozen" AV could end up being higher than in the year the destruction occurred.

Second, Section 1(4)(a) should say:

The eligible property's maximum **specially** assessed value as determined under ~~ORS 308.146~~ **subsection (3) of this section;**

The reason is Section 1(4) is meant to mirror the calculation made in any normal property but to use the lower "frozen" specially assessed value (SAV) and its corresponding maximum specially assessed value (MSAV). In a normal calculation, the AV is the lesser of the RMV or the MAV. In the case of eligible property under SB 1012A, the SAV will act as a new lower RMV for the calculation and the MSAV will act as a new lower MAV. Without replacing "ORS 308.146" with "subsection 3 of this section," the unintended effect would be to use the normal (before property destruction) MAV instead of the new lower number.

Third, to ensure the eligible property benefits from 1990 Measure 5 compression the same as other properties would, you may choose to amend ORS 310.165(2) as follows:

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 321.290, 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.

This third suggestion is optional. You may wish to use it to ensure the eligible properties are treated as any other property in terms of the general government (\$10 per \$1,000) and education (\$5 per \$1,000) caps created by Measure 5.

### Agency Contact

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