

**SB 1545 A STAFF MEASURE SUMMARY**

Carrier: Rep. Cate

**House Committee On Revenue****Action Date:** 03/05/24**Action:** Do Pass the A-Eng bill.**Vote:** 7-0-0-0**Yeas:** 7 - Levy B, Marsh, Nathanson, Nguyen D, Reschke, Smith G, Walters**Fiscal:** Has minimal fiscal impact**Revenue:** Revenue impact issued**Prepared By:** Beau Olen, Economist**Meeting Dates:** 3/5**WHAT THE MEASURE DOES:**

Authorizes a county to allow those that had their homesteads destroyed by the September 2020 wildfires and have had the homestead rebuilt on the same lot, receive a specially assessed value equal to the destroyed homestead's real market value for the 2020-21 tax year, up to the square footage of the destroyed homestead. Allows retroactivity back to the 2021-22 tax year. Requires overpayment refunds for the retroactive period. Disqualifies properties at the earliest of when the rebuilt homestead is no longer the owner's principal dwelling, is rented to another person or is transferred to new ownership. Specifies that special assessments continue on the same terms if the county ends or amends the program. Makes relief from special assessment in addition to any other property tax relief. Takes effect on the 91st day after sine die.

**ISSUES DISCUSSED:**

- Inflation and construction costs
- Local budgets and school funding
- Building permit process
- Clarification of implementation by county resolution
- Other permanent tax expenditures
- Analogous tax relief for other states and natural disasters
- Manufactured homes and affordable housing

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

Legislation in 2021 (HB 2341) allowed tax collectors in a county covered by state of emergency who knows or has reason to believe property has been destroyed or damaged property (ORS 308.425; TER 2.138) to prorate taxes imposed on property, without the taxpayer needing to apply.

SB 1545 is similar to SB 1012A (2023), but a new section 2 was added in SB 1545. That section requires the assessor to determine the maximum amount of property taxes under ORS 310.150 by using the lesser of the property's real market value or specially assessed value.

"Destroyed homestead" means a homestead that was destroyed by wildfire between September 1, 2020, and September 30, 2020, in a county included in the geographical area covered by a state of emergency declared in response to the wildfire. Executive Order (EO) 20-35, issued on August 20, 2020, declared a statewide State of Emergency in Oregon due to the imminent threat of wildfire. All counties in the State were included in the geographical area covered by EO 20-35.

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The 2020 wildfires burned approximately 1 million acres in Oregon. Based on the Federal Emergency Management Agency's definition of "destroyed home", approximately 4,000 homesteads, in eight counties, were destroyed by the 2020 wildfires. Most of the destroyed homesteads were in Jackson County (including many manufactured homes) and Marion County. Approximately 75 percent of those destroyed homesteads have permits to rebuild, 90 percent of which have completed construction. The number of new permits to rebuild peaked in 2021 and has since declined rapidly.