

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
82nd Oregon Legislative Assembly
2024 Regular Session
Legislative Revenue Office

Bill Number:	SB 1537 - B
Revenue Area:	Local Government Finance
Economist:	Beau Olen
Date:	2.28.24

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Allows cities a one-time expansion of urban growth boundaries for the purpose of annexing territory for residential development. Requires 30 percent of residential units in the annexed territory to be subject to affordability restrictions, including but not limited to the long-term affordable housing covenant property tax exemption. Creates a partial property tax exemption available to eligible affordable housing projects receiving grant money through a program adopted by a city or county.

Revenue Impact:

The bill has no direct revenue impact as potential impacts on property tax revenue are dependent on permissive property tax exemptions and potential future actions of cities and counties.

Impact Explanation:

Cities one-time expansion of urban growth boundaries, for purposes of annexing territory for residential development, is a permissive option for the city. Any revenue impacts on local governments depend on future actions of cities. Conceptual plans must ensure at least 30 percent of residential units in the annexed territory are subject to affordability restrictions, including but not limited to long-term affordable housing covenants (ORS 307.555), as described in ORS 456.270 to 456.295. The measure's changes may increase use of the existing property tax exemption for land and owner-occupied condominium units burdened by a long-term affordable housing covenant. Under that exemption, land is exempt from property taxation if certain conditions are met. For owner-occupied condominium units, 27 percent of the assessed value is exempt from taxation.

Sections 24-36 create a permissive partial property tax exemption available to eligible affordable housing projects receiving grant money through a program adopted by a city or county. Applicability of the exemption begins with the first property tax year after completion of the eligible housing project to which the grant relates. Housing projects are disqualified from the exemption upon the earliest of: July 1 of the property tax year immediately succeeding the date on which the fee payment obligation is repaid in full, fee payer becomes delinquent, date on which foreclosure proceedings are commenced, or the project becomes otherwise disqualified.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of the new partial property tax exemption is to reduce barriers to affordable housing production.