

House Bill 2910

Sponsored by Representative EVANS (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**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act would change some laws related to energy and property taxes. (Flesch Readability Score: 60.7).

Authorizes local governments to adopt additional criteria to encourage energy efficiency and energy generation on property granted certain exemptions from ad valorem property taxation.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to energy-related improvements; creating new provisions; amending ORS 307.517, 307.518,
3 307.541 and 307.606; and prescribing an effective date.

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

5 **SECTION 1.** ORS 307.517 is amended to read:

6 307.517. (1) Property or a portion of the property is exempt from taxation as provided under ORS
7 307.515 to 307.523 if:

8 (a) The property is:

9 (A) Offered for rent; or

10 (B) Held for the purpose of developing low income rental housing, for a period not exceeding a
11 reasonable maximum period, if any, adopted by the governing body;

12 (b) The property, if occupied, is occupied solely by low income persons;

13 (c) The required rent payment reflects the full value of the property tax exemption;

14 (d) The exemption has been approved as provided in ORS 307.523, pursuant to an application
15 filed before July 1, 2030;

16 (e) The housing units on the property were constructed after the local governing body adopted
17 the provisions of ORS 307.515 to 307.523; and

18 (f) The information disclosed on the application filed pursuant to ORS 307.521 meets any other
19 criteria adopted by the governing body.

20 (2) A governing body that adopts the provisions of ORS 307.515 to 307.523 may adopt additional
21 criteria for exemption that **encourage energy efficiency and energy generation on the property**
22 **provided the criteria** do not conflict with the criteria described in subsection (1)(a) to (e) of this
23 section.

24 (3) For the purposes of subsection (1) of this section, a person that has only a leasehold interest
25 in property is deemed to be a purchaser of that property if:

26 (a) The person is obligated under the terms of the lease to pay the ad valorem taxes on the real
27 and personal property used in this activity on that property; or

28 (b) The rent payable has been established to reflect the savings resulting from the exemption
29 from taxation.

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 **SECTION 2.** ORS 307.518 is amended to read:

2 307.518. (1) Property or a portion of property is exempt from taxation as provided under ORS
3 307.515 to 307.523 if:

4 (a) The property, if unoccupied, is:

5 (A) Offered for rental solely as a residence for low income persons; or

6 (B) Held for the purpose of developing low income rental housing, for a period not exceeding a
7 reasonable maximum period, if any, adopted by the governing body;

8 (b) The property, if occupied, is occupied solely as a residence for low income persons;

9 (c) An exemption for the property has been approved as provided under ORS 307.523, pursuant
10 to an application filed before July 1, 2030;

11 (d) The property is owned or being purchased by a nonprofit corporation organized in a manner
12 that meets the criteria for a public benefit corporation or a religious corporation, both terms as
13 defined in ORS 65.001;

14 (e) The property is owned or being purchased by a nonprofit corporation that expends no more
15 than 10 percent of the nonprofit corporation's annual income from residential rentals for purposes
16 other than the acquisition, maintenance or repair of residential rental property for low income per-
17 sons or for the provision of on-site child care services for the residents of the rental property; and

18 (f) The information disclosed on the application filed pursuant to ORS 307.521 meets any other
19 criteria adopted by the governing body.

20 (2) A governing body that adopts the provisions of ORS 307.515 to 307.523 may adopt additional
21 criteria for exemption that **encourage energy efficiency and energy generation on the property**
22 **provided the criteria** do not conflict with the criteria described in subsection (1)(a) to (e) of this
23 section.

24 (3) For the purposes of this section, a nonprofit corporation that has only a leasehold interest
25 in property is considered to be a purchaser of that property if:

26 (a) The nonprofit corporation is obligated under the terms of the lease to pay the ad valorem
27 taxes on the real and personal property used in the rental activity on that property; or

28 (b) The rent payable has been established to reflect the savings resulting from the exemption
29 from taxation.

30 (4) A partnership shall be considered a nonprofit corporation for purposes of this section if:

31 (a) A nonprofit corporation is a general partner of the partnership; and

32 (b) The nonprofit corporation is responsible for the day-to-day operation of the property that is
33 the subject of the exemption under ORS 307.515 to 307.523.

34 **SECTION 3.** ORS 307.541 is amended to read:

35 307.541. (1) Property is exempt from taxation as provided under ORS 307.540 to 307.548 if:

36 (a) The property is owned or being purchased by a corporation described in section 501(c)(3) or
37 (4) of the Internal Revenue Code that is exempt from income taxation under section 501(a) of the
38 Internal Revenue Code;

39 (b) Upon liquidation, the assets of the corporation are required to be applied first in payment
40 of all outstanding obligations, and the balance remaining, in cash and in kind, to be distributed to
41 corporations exempt from taxation and operated exclusively for religious, charitable, scientific, lit-
42 erary or educational purposes or to the State of Oregon;

43 (c) The property is:

44 (A) Occupied by low income persons; or

45 (B) Held for the purpose of developing low income housing, for a period not exceeding a rea-

1 sonable maximum period, if any, adopted by the governing body;

2 (d) The property or portion of the property receiving the exemption, if occupied, is actually and
3 exclusively used for the purposes described in section 501(c)(3) or (4) of the Internal Revenue Code;

4 (e) The exemption has been approved as provided in ORS 307.547; and

5 (f) The information disclosed on the application filed pursuant to ORS 307.545 meets any other
6 criteria adopted by the governing body.

7 (2) A governing body that adopts the provisions of ORS 307.540 to 307.548 may adopt additional
8 criteria for exemption that **encourage energy efficiency and energy generation on the property**
9 **provided the criteria** do not conflict with the criteria described in subsection (1)(a) to (e) of this
10 section.

11 (3) For the purposes of subsection (1) of this section, a corporation that has only a leasehold
12 interest in property is deemed to be a purchaser of that property if:

13 (a) The corporation is obligated under the terms of the lease to pay the ad valorem taxes on the
14 real and personal property used in this activity on that property; or

15 (b) The rent payable by the corporation has been established to reflect the savings resulting
16 from the exemption from taxation.

17 (4) A partnership shall be treated the same as a corporation to which this section applies if the
18 corporation is:

19 (a) A general partner of the partnership; and

20 (b) Responsible for the day-to-day operation of the property that is the subject of the exemption.

21 **SECTION 4.** ORS 307.606 is amended to read:

22 307.606. (1) ORS 307.600 to 307.637 apply to multiple-unit housing preserved, constructed, estab-
23 lished, added to or converted in cities or counties that adopt, after a public hearing and determi-
24 nation pursuant to subsection (3) of this section, by resolution or ordinance, the provisions of ORS
25 307.600 to 307.637. The tax exemption provided by ORS 307.600 to 307.637 only applies to the tax
26 levy of a city or county that adopts the provisions of ORS 307.600 to 307.637, except that the tax
27 exemption shall apply to the ad valorem property taxes of all taxing districts when upon request of
28 the city or county that has adopted the provisions of ORS 307.600 to 307.637, the rates of ad valorem
29 taxation of taxing districts whose governing boards agree by resolution to the policy of providing
30 tax exemptions for multiple-unit housing as provided in ORS 307.600 to 307.637, when combined with
31 the rate of taxation of the city or county that adopts the provisions of ORS 307.600 to 307.637, equal
32 51 percent or more of the total combined rate of taxation levied on the property which is tax exempt
33 under ORS 307.600 to 307.637.

34 (2) The city or county shall designate an area within which it proposes to allow exemptions
35 provided for under the provisions of ORS 307.600 to 307.637. Core areas, light rail station areas or
36 transit oriented areas may be designated by a city. A city may designate the entire city as the area
37 in which the city proposes to allow exemptions under ORS 307.600 to 307.637 for housing that is or
38 becomes subject to a low income housing assistance contract with an agency or subdivision of this
39 state or the United States. A county may designate areas as light rail station areas or transit ori-
40 ented areas but may not designate areas as core areas. A county may designate the entire county
41 as the area in which the county proposes to allow exemptions under ORS 307.600 to 307.637 for
42 housing that is or becomes subject to a low income housing assistance contract with an agency or
43 subdivision of this state or the United States. A city or county from time to time may, by amending
44 its resolution or ordinance, add or withdraw territory from the area originally designated as a light
45 rail station area or a transit oriented area, but any area added must be within the boundaries of the

1 area as limited by ORS 307.603 (3) or (6).

2 (3) The city or county shall, prior to passage of a resolution or ordinance electing to utilize the
3 provisions of ORS 307.600 to 307.637, hold a public hearing in order to determine whether multiple-
4 unit housing meeting the qualifications of subsection (4) of this section would not otherwise be built
5 in the designated area or preserved without the benefits provided by ORS 307.600 to 307.637.

6 (4) Prior to accepting project applications under ORS 307.600 to 307.637, cities or counties shall
7 promulgate standards and guidelines to be utilized in considering applications and making the de-
8 terminations required by ORS 307.618. The standards and guidelines shall establish policy governing
9 basic requirements for an application, including but not limited to:

10 (a) Existing utilization of proposed project site, including justification of the elimination of any
11 existing sound or rehabilitable housing.

12 (b) Design elements, **including elements that encourage energy efficiency and energy gen-
13 eration.**

14 (c) Rental rates or sales prices.

15 (d) Extensions of public benefits from the project beyond the period of the exemption.

16 (e) Minimum number of units.

17 (f) For housing that is or becomes subject to a low income housing assistance contract with an
18 agency or subdivision of this state or the United States, a demonstration that the exemption is
19 necessary to preserve or establish the low income units.

20 (g) For housing that is to become subject to a low income housing assistance contract with an
21 agency or subdivision of this state or the United States, the date on which the housing must be es-
22 tablished in order to be exempt under ORS 307.600 to 307.637.

23 **SECTION 5. The amendments to ORS 307.517, 307.518, 307.541 and 307.606 by sections 1
24 to 4 of this 2025 Act apply to exemptions granted pursuant to applications filed:**

25 **(1) On or after the date on which additional criteria adopted pursuant to this 2025 Act
26 become effective; and**

27 **(2) On or after the effective date of this 2025 Act.**

28 **SECTION 6. This 2025 Act takes effect on the 91st day after the date on which the 2025
29 regular session of the Eighty-third Legislative Assembly adjourns sine die.**

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