

SENATE COMMITTEE ON REVENUE

25 April 1983

1:25 p.m.

Room 137, State Capitol

Tapes 97A,B and 98A

Members Present: Sen. Charles Hanlon, Chairperson
Sen. Cliff Trow, Vice-Chairperson
Sen. John Kitzhaber (1:34 p.m.)
Sen. Margie Hendriksen
Sen. Nancy Ryles

Members Excused: Sen. Lenn Hannon
Sen. Ruth McFarland

Staff Present: Rick Peterson, Legislative Revenue
Terry Drake, Legislative Revenue
Christine Purvis, Committee Assistant

Witnesses: Dave Powers, Parks Historian
Larry Dixon, Department of Revenue
Jim Wilcox, Multnomah County Assessor
Sandy McLernan, Department of Revenue

TAPE 97A

007 CHAIRPERSON HANLON called the meeting to order at 1:25 p.m. SENATORS HANNON and McFARLAND were excused, and SENATOR KITZHABER arrived shortly.

SB 338 - Income Tax Credit for Donation to OPMF
SB 339 - Create Historic Property Fee
SB 341 - Historic Property Tax Exemption

011 RICK PETERSON, Legislative Revenue, gave an overview of SB 338 (EXHIBIT C), SB 339 (EXHIBIT A), and SB 341 (EXHIBIT B). He also indicated that there are two other bills which are not in the Revenue Committee which are affected by SB 338, 339 and 341; these are SB 337 and SB 340. SB 337 deals with the Oregon Property Management Fund and SB 340 relates to an Advisory Committee on Historic Preservation.

039 MR. PETERSON indicated that SB 339 provides that for the first three years of special assessment, the difference between the tax on the frozen value and the tax on full value goes to the fund, but that DAVE POWERS, Parks Historian, indicated to him that the intent was the difference between the frozen value and the full value for the first year and then there would be three years to pay it.

SB 341 provides for a one time fee of (.001) assessed value of property to fund. SB 338 provides for the Oregon income tax credit for contribution (dollars or property) to Property Management Fund or local historical society.

TAPE 97A

255 TERRY DRAKE, Legislative Revenue, explained SB 338 to the committee and indicated that the bill allows for a tax credit to be given in addition to a deduction.

395 DAVE POWERS, Parks Historian, provided the committee with proposed amendments (EXHIBIT D).

TAPE 98A

003 Some discussion with MR. POWERS focused on the history behind the concept of the Oregon Property Management Fund.

047 Discussion centered on the elimination of the requirement that historical property be open to the public one day/year. MR. POWERS indicated that they consider the current requirement that the property be open to the public one day/year to be fulfilled if the owner has the house or building open "by appointment."

CHAIRPERSON HANLON raised the issue of individuals who would have their property on the exemption for 14 years, paying back the taxes, and then going back on the program again for 15 years. MR. POWERS indicated that if deflation occurs, there would be a potential for abuse.

Discussion centered on the philosophy behind the historic preservation program and whether the goal was conservation of the property or development. SENATOR RYLES noted that there is a legitimate concern that the property can be overly improved which would detract from its historical significance.

410 In response to a question from SENATOR TROW, MR. POWERS indicated that there are approximately 550 properties which receive special assessment for historical property.

SB 341 would allow property which is listed on the National Register of Historic Places or on an Oregon register of historic places to qualify for classification as historic property. MR. POWERS said that it isn't their intent to make the program more accessible, but that this language was included in the bill as there has been concern that the National Register of Historic Places may be eliminated. SENATOR TROW suggested that state authority to classify property as historic property only be given should the national program be eliminated. MR. POWERS expressed his agreement to this suggestion.

TAPE 97B

015 CHAIRPERSON HANLON requested that staff follow the progress of SB 337 and SB 340 which are in the Senate Committee on Rules.

024 LARRY DIXON, Department of Revenue, and JIM WILCOX, Multnomah County Assessor, testified on SB 341. MR. DIXON said that the DOR doesn't oppose the bill, but noted that on page 3, lines 19-24 change the current appeal process and would allow an owner or county assessor to appeal to the Department of Revenue. MR. DIXON indicated that the Department of Revenue does not want this authority. MR. POWERS commented that the current appeals process is satisfactory with them. CHAIRPERSON HANLON requested that MR. WILCOX

TAPE 97B

contact KIM WORRELL, Yamhill County Assessor, who met with the task force which dealt with historic preservation, to determine why this change in the appeals process was included in the bill.

080 Language on page 2, lines 10 and 19 indicates that a copy of applications for the program will be made immediately available to the appropriate county assessor. MR. DIXON suggested that the language be stronger and indicate that it must be sent to the county assessor, rather than just made available.

094 MR. WILCOX, in regards to SB 341, suggested that on page 5, lines 39 and 40, the sentence, "The assessor shall accept the determination of the state historic preservation officer," be deleted. Discussion with MR. WILCOX and MR. POWERS followed on this issue.

MR. WILCOX indicated that there are some historic properties in Portland which haven't been repaired, but haven't further deteriorated. He said that the ability to disqualify and then re-qualify is important in these cases.

255 MR. DIXON also suggested that the assessor be given the same kinds of authority as listed on page 2, lines 5-7 and lines 23-25.

265 SANDY McLERNAN, Department of Revenue, distributed proposed technical amendments to SB 338 to the committee (EXHIBIT E).

285 CHAIRPERSON HANLON adjourned the meeting at 2:40 p.m.

Respectfully submitted,

Christine Purvis

Christine Purvis
Committee Assistant

EXHIBIT SUMMARY

- A - SB 339
- B - SB 341
- C - SB 338
- D - Proposed Amendments SB 337-340 by the Parks and Recreation Division
- E - SB 338 - Proposed Amendments from the Department of Revenue

TAPE 103A

SB 338 - Income Tax Credit for Donation to OPMF
SB 339 - Create Historic Property Fee
SB 341 - Historic Property Tax Exemption

334 RICK PETERSON opened the work session on SB 338, 339 and 341. Distributed to the committee were the Legislative Fiscal Analysis of SB 338 (EXHIBIT A) and the Legislative Fiscal Analysis of SB 341 (EXHIBIT B).

398 CHAIRPERSON HANLON inquired as to whether it is premature to consider action on these bills as they allocate funding for the Oregon Property Management Fund which is being considered presently in another committee. DAVID POWERS, Parks Historian, and MARK NELSON, Friends of Historic Preservation, indicated that SB 337 will probably be passed out of the Senate Committee on Rules next week.

TAPE 104A

003 It was decided that the committee would not take further action on SB 338 and SB 339 until the corresponding bills have been acted on.

RICK PETERSON indicated that there are administrative changes which SB 341 addresses which the committee could deal with at this time. He outlined those changes and also discussed the application process and appeal process which are utilized by Riparian Lands.

After committee discussion with KIM WORRELL, Yamhill County Assessor, MARK NELSON, Friends of Historic Preservation, DAVID POWERS, Parks Historian, and JIM WILCOX, Multnomah County Assessor, CHAIRPERSON HANLON requested that staff have amendments drawn up to reflect these ideas: 1) state authority to classify property as historic property only be given should the National Register of Historic Places be eliminated; 2) apply to State Historical Preservation Officer with an advisory capacity by assessor; 3) require one day visitation per year by qualifying historic property; 4) on page 5, lines 39, 40, delete, "The assessor shall accept the determination of the state historic preservation officer."; 5) require that assessor be notified when application is made to the State Historical Preservation Officer; 6) allow local government a veto in putting historical property on special assessment; 7) make sure that language on page 2 of the bill achieves the intent of the preliminary application for historic classification to become an actual application upon acceptance with the National Register of Historic Places; 8) Administrative appeal process with owner and assessor having standing (similar to process followed with Riparian Lands).

307 MR. WILCOX commented that the intent of idea number 7 (see above paragraph) will work administratively, but that he has concerns over the precedence it sets as it is a variation from the assessment date of January 1.

MR. WILCOX also said that he personally thinks the historic property freeze on taxes should be based on need as he feels that some of the historic property in Portland which has qualified for the special tax treatment

TAPE 104A

and has been renovated, would have been renovated without the special treatment. He said that other property, such as the Barbur Block and the New Market Theatre, did need the freeze, but that other property did not.

TAPE 103B

DAVID POWERS outlined the application process for the National Register of Historic Places. The application first goes before the state historical advisory committee and they approve about 80% of them. Then it goes to the State Historical Preservation Officer who must formally nominate the property and he approves about 95% of those. Then it goes to the National Register and they approve about 95% of the applications submitted. MR. POWERS said that when individuals first approach the Parks Division about applying for historic property, the Parks Division gives them an opinion as to whether they think the property will qualify or not.

070 In response to a question from SENATOR RYLES, MR. POWERS said that they do not consider the issue of financial need to determine whether property qualifies for the program; the criteria is that the property either meets the historical standard or it doesn't.

089 SENATOR TROW commented that he is in support of the historical preservation idea, if done sparingly, but isn't sure that he supports the process as he feels it can be used in a way which isn't fair to other taxpayers. CHAIRPERSON HANLON indicated that he shares that reservation to some degree.

MR. POWERS said that one benefit of the program is that it improves the tax base when the historic property comes back on the rolls. He said that the first group of such property will come back on the rolls in an improved condition in 1991. He also indicated that local government has the opportunity to object to property being nominated for the National Register at the state level; if such objection occurs, the State Historic Preservation Officer will not submit the nomination. MR. WILCOX said that local government does get an opportunity to give input as to whether property should qualify for the National Register, but that they don't have input as to whether the property should have special tax treatment. SENATOR RYLES said that possibly the historic property needs to be separated into two different treatments - one which would deal with the historic property designation and one that would deal with the special tax assessment.

230 KAREN ZISMAN, Grants Manager for the Historic Preservation Division, State Parks, commented on the use of the Local Landmarks Commission in an advisory role.

SB 607 - Senior Citizen Homestead Deferral

240 JIM SCHERZINGER, Legislative Revenue, reviewed the bill.

320 RAY LAWRENCE, United Seniors, stated that a three year maximum limitation for an heir to pay the back taxes to the DOR was too short. LARRY DIXON, Department of Revenue, agreed that three years was too short and would recommend a five year maximum limitation. MR. LAWRENCE agreed with a five year limitation.

TAPE 110A

- 090 MOTION: SENATOR RYLES moved that the LC amendments SB 624-1 dated 4/14/83, and just adopted, be further amended as follows: line 7, delete "1984" and insert "1983"; line 15, delete "1984" and insert "1983"; line 17, after "application", insert "for tax years otherwise closed to audit or adjustment" and on line 18, delete "April 15, 1984" and insert "January 1, 1985".
- 101 VOTE: Hearing no objection, CHAIRPERSON HANLON declared the amendments adopted.
- 103 MOTION: SENATOR RYLES moved that SB 624 be sent to the floor with a "do pass as amended" recommendation (with the caveat that the amendments are satisfactory with Legislative Counsel).
- 104 VOTE: In a roll call (voice) vote, the motion passed 6-0 with all senators present voting AYE; SENATOR TROW was excused.

CHAIRPERSON HANLON stated that staff will advise the committee if the amendments are satisfactory or not. SENATOR RYLES will carry the bill on the floor.

SB 341 - Historic Property Tax Exemption

123 The work session on SB 341 began with an explanation of the Legislative Counsel amendments SB 341-1 dated 5/5/83 (EXHIBIT B) by RICK PETERSON, Legislative Revenue. DAVE POWERS, Parks Historian, and MARK NELSON, Friends of Historic Preservation, were available for comment and committee questioning as to the effect of the amendments.

313 MARK NELSON said that SB 337 (one of the accompanying bills dealing with historic preservation) was passed out of the Senate Committee on Rules this morning and suggested that in order to make the provisions consistent with that bill, the amendments be further amended (EXHIBIT B) on page 4, line 23, delete "historic preservation officer" and insert, "state parks administrator". DAVE POWERS indicated that another change needed to make SB 341 consistent with SB 340 is on page 4 of amendments, line 22, delete "General" and insert "Highway".

- 370 MOTION: SENATOR KITZHABER moved that proposed LC amendments SB 341-1 dated 5/5/83 be further amended on page 4, line 22, delete "General" and insert "Highway"; on line 23, delete "historic preservation officer" and insert "parks administrator"; on page 3, line 13, after "assessor" insert "and".
- 384 VOTE: Hearing no objection, CHAIRPERSON HANLON declared the motion passed.

TAPE 109B

Discussion on the amendments continued.

012 It was noted that the amendments on page 3, subsection (3) state the ". . . owner may make preliminary application for classification of property as historic upon approval by the state advisory committee on historic preservation of the nomination of the property for listing on the National Register of Historic Places or, if the National Register of Historic Places ceases accepting nominations, the property is nominated for listing on an Oregon register of historic places." The committee intent is not to preclude the creation of an Oregon register of historic property, but that an Oregon register cannot be used to qualify historic properties for special property tax treatment unless the National Register of Historic Places ceases accepting nominations.

053 JIM WILCOX, Oregon State Association of Tax Assessors, suggested that LC amendments SB 341-1 dated 5/5/83 be further changed on page 4, line 9, delete "and governing body". On page 4, line 13, after "officer." insert, "Immediately upon receipt of a copy of the application under subsection (2) of this section, the governing body shall review the application for matters of public benefit and shall make recommendations regarding the classification to the state historic preservation officer."

096 MOTION: SENATOR KITZHABER moved that LC amendments SB 341-1 dated 5/5/83 be further amended on page 4 as follows: on line 9, delete "and governing body". On line 13, after "officer." insert, "Immediately upon receipt of a copy of the application under subsection (2) of this section, the governing body shall review the application for matters of public benefit and shall make recommendations regarding the classification to the state historic preservation officer." (This was a conceptual motion to achieve the above intent.)

106 VOTE: Hearing no objection, CHAIRPERSON HANLON declared the motion adopted.

RICK PETERSON noted that there is another section in the bill in which corresponding language changes need to be made, and THE CHAIR agreed to this.

113 MOTION: SENATOR McFARLAND moved that LC amendments SB 341-1 dated 5/5/83 as further amended be adopted.

115 VOTE: Hearing no objection, CHAIRPERSON HANLON declared the motion adopted.

TAPE 109B

117 MOTION: SENATOR McFARLAND moved that SB 341 be sent to the floor with a "do pass as amended" recommendation.

119 VOTE: In a roll call (voice) vote, the motion passed 6-0 with all senators present voting AYE; SENATOR TROW was excused.

SENATOR McFARLAND will carry the bill on the floor.

SB 338 - Income Tax Credit for Donation to OPMF

133 MOTION: SENATOR KITZHABER moved that SB 338 be laid on the table.

141 VOTE: In a roll call (voice) vote, the motion passed 6-0 with all senators present voting AYE; SENATOR TROW was excused.

SB 339 - Create Historic Property Fee

143 MOTION: SENATOR KITZHABER moved that SB 339 be laid on the table.

146 VOTE: In a roll call (voice) vote, the motion passed 6-0 with all senators present voting AYE; SENATOR TROW was excused.

SB 607 - Senior Citizen Homestead Deferral

155 The work session opened on SB 607 with an explanation of the hand engrossed SB 607 (EXHIBIT C) which includes the LC amendments SB 607-4 dated 4/29/83 (EXHIBIT D). This was given by JIM SCHERZINGER, Legislative Revenue and he provided the committee with the Legislative Revenue Analysis (EXHIBIT E).

196 MOTION: SENATOR RYLES moved that the hand-engrossed SB 607 (EXHIBIT C) on page 6 (hand-numbered page 6) on subsection (2) (c), delete "county" and insert "state".

198 VOTE: Hearing no objection, CHAIRPERSON HANLON declared the motion adopted.

Exhibit B
Senate Revenue
25 April 1983
6 pages

Senate Bill 341

Sponsored by Senator POTTS, Representative ZAJONC (at the request of Historic Preservation Task Force)

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.

Makes certain changes in law governing special assessment for property tax purposes of historic property.

(1) Allows historic property designated as historically significant by state historic preservation officer to qualify for special tax treatment.

(2) After 1983, requires that application for special tax treatment be made to state historic preservation officer rather than to county assessor. Makes related changes.

(3) Allows preliminary application for historic classification to be made upon nomination of property for registration in National Register of Historic Places.

(4) Requires county assessor notify state historic preservation officer if county assessor believes that historic property is not being maintained and preserved as required under rules of state historic preservation officer.

(5) Requires that owner notify both county assessor and state historic preservation officer if property ceases to qualify as historic property. Provides penalty if notice is not given.

(6) If new construction takes place after effective date of Act, requires that new construction be valued at market value and be assessed at same ratio for its property class as other property.

A BILL FOR AN ACT

1
2 Relating to property taxation; creating new provisions; and amending ORS 358.480, 358.485, 358.490, 358.495,
3 358.505, 358.509, 358.515, 358.525 and 358.540.

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

5 **SECTION 1.** ORS 358.480 is amended to read:

6 358.480. As used in ORS 358.475 to 358.545, unless the context requires otherwise:

7 (1) "Historic property" means real property that is currently listed in the National Register of Historic
8 Places, established and maintained under the National Historic Preservation Act of 1966 (P.L. [89-655] 89-665)
9 or is designated by the state historic preservation officer as having state historic significance; [*that is open to the*
10 *public for sight-seeing at least one day in each calendar year in accordance with rules adopted by the state*
11 *historic preservation officer;*] and that meets the minimum standards of maintenance established by rule of the
12 state historic preservation officer.

13 (2) "Owner" includes a purchaser under recorded instrument of sale.

14 **SECTION 2.** ORS 358.485 is amended to read:

15 358.485. (1) An owner of historic property desiring classification and assessment under ORS 358.475 to
16 358.545 shall make application to the county assessor upon forms approved by the Department of Revenue and
17 consent in writing to the viewing of the property by the state historic preservation officer and any state
18 advisory committee on historic preservation. Applications shall be made prior to December 31, 1975, for
19 classification for the assessment year commencing January 1, 1976, and thereafter applications to the county
20 assessor shall be made during the calendar year preceding the first assessment year for which classification is
21 requested, **except that no application shall be made under this subsection after December 31, 1983.** Application

NOTE: Matter in bold face in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.



1 for classification shall be granted only for those 15 consecutive assessment years immediately following the
2 calendar year in which the application is made.

3 (2) On and after January 1, 1984, an owner of historic property desiring classification and assessment under
4 ORS 358.475 to 358.545 for the property shall make application to the state historic preservation officer on forms
5 approved by the state historic preservation officer. The forms shall include or be accompanied by the written
6 consent of the owner to the viewing of the property by the state historic preservation officer and by any state
7 advisory committee on historic preservation. Except as provided in subsection (3) of this section, applications shall
8 be made on or prior to December 31, 1984, for classification for the assessment year commencing January 1, 1985,
9 and thereafter applications shall be made during the calendar year preceding the first assessment year for which
10 classification is requested. A copy of any application made shall be made immediately available to the appropriate
11 county assessor. Applications for classification shall be granted only for those 15 consecutive assessment years
12 immediately following the calendar year in which the application is made.

13 (3) An owner may make preliminary application for classification of property as historic upon approval by the
14 state advisory committee on historic preservation of the nomination of the property for listing on the National
15 Register of Historic Places or an Oregon register of historic places. However, the preliminary application shall not
16 be considered an application made or received for purposes of subsection (2) of this section, ORS 358.490 or
17 358.495, or other law, until the property is actually listed in the National Register of Historic Places or is
18 designated by the state historic preservation officer as property of state historic significance.

19 (4) Immediately upon receipt of a copy of the application under subsection (2) of this section, the county
20 assessor shall review the application for accuracy and completeness of description and other matters within the
21 expertise of the county assessor and shall make recommendations regarding the classification to the state historic
22 preservation officer.

23 (5) By making application for classification and assessment under ORS 358.475 to 358.545, the owner consents
24 that the state historic preservation officer have access to the property for inspection at reasonable times to insure
25 that the terms of the national register or other federal or state laws or requirements are being met.

26 (6) The application for classification and assessment under ORS 358.475 to 358.545 shall not be processed
27 unless accompanied by a nonrefundable fee of one-tenth of one percent of the assessed value of the property for the
28 year to which the special classification as historic property first applies. The fee shall be deposited in the General
29 Fund for use by the state historic preservation officer or for transfer to the Oregon Property Management Fund
30 established under chapter _____, Oregon Laws 1983 (Enrolled Senate Bill 337), upon the advice of the State
31 Historic Preservation Advisory Committee.

32 SECTION 3. ORS 358.490 is amended to read:

33 358.490. (1) Within 10 days after the filing of [*the*] an application [*in his office*] filed before January 1, 1984,
34 the county assessor shall refer each application for classification to the state historic preservation officer.
35 Following referral, or after an application is filed under ORS 358.485 (2) or (3), the [*state historic preservation*
36 *officer, with the assistance of the state advisory committee on historic preservation*] State Historic Preservation
37 Advisory Committee, shall review the application and may view the premises. The state historic preservation
38 officer shall not disapprove the application solely because of the potential loss of revenue that may result from
39 granting the application if [*he*] the state historic preservation officer finds that the property is historic property.

1 (2) The state historic preservation officer may approve the application with respect to only part of the
2 property which is the subject of the application. However, if any part of the application is denied, the applicant
3 may withdraw [*his*] the application.

4 SECTION 4. ORS 358.495 is amended to read:

5 358.495. (1) Immediately following approval or disapproval of an application under ORS 358.490, the state
6 historic preservation officer shall [*immediately*] notify the county assessor and the applicant [*of his approval or*
7 *disapproval of the application*] which shall in no event be later than April 1 of the year following the year [*of*
8 *receipt of*] that the application is considered received under ORS 358.485. An application not denied by April 1
9 shall be deemed approved, and the property which is the subject of the application shall be considered to be
10 historic property which qualifies under ORS 358.475 to 358.545.

11 (2) When the state historic preservation officer determines that the historic property qualifies under ORS
12 358.475 to 358.545, [*he*] the state historic preservation officer shall certify that fact in writing and shall file a copy
13 of the certificate with the county assessor within 10 days. The certificate shall state the facts upon which the
14 approval was based. The county assessor, as to any such historic property, shall assess on the basis provided in
15 ORS 358.505, and each year the historic property is classified and so assessed shall also enter on the
16 assessment and tax roll that the property is being specially assessed as historic property and is subject to
17 potential additional taxes as provided in ORS 358.525 by adding the notation "historic property (potential
18 additional tax)."

19 (3) Any owner [*whose application for classification has been denied by the state historic preservation officer*
20 *may appeal to the circuit court in the county where the land is located, or if located in more than one county, in*
21 *that county in which the major portion is located.*] or county assessor affected by a determination of the state
22 historic preservation officer made under ORS 358.475 to 358.565 may appeal to the Department of Revenue. A suit
23 to set aside any decision of the department may be taken within 60 days of the decision to the Oregon Tax Court in
24 the manner provided for ad valorem property tax cases under ORS chapter 305.

25 SECTION 5. ORS 358.505 is amended to read:

26 358.505. (1) For purposes of ORS 308.232, the county assessor shall, for the 15 consecutive assessment
27 years elected under ORS 358.485, value property classified as historic property at the true cash value of the
28 property at the time application under ORS 358.485 was made.

29 (2) The entitlement of property to the special assessment provisions of this section shall be determined as
30 of January 1. However, if property so qualified becomes disqualified prior to July 1 of the same year, it shall be
31 valued under ORS 308.232 at its true cash value as defined by law without regard to this section. If the property
32 becomes disqualified on or after July 1, its assessment for that year shall continue as provided in this section.

33 (3) True cash value, as defined and determined under ORS 308.205 and 308.235, shall be determined for
34 property classified as historic property by the county assessor each year. The true cash value so determined for any
35 year shall be subject to appeal to the county board of equalization within the time and in the manner provided in
36 ORS chapter 309 and shall be subject to appeal thereafter to the Department of Revenue and the Supreme Court
37 within the time and in the manner provided for appeals of value determination for purposes of ad valorem property
38 taxation.

39 SECTION 6. ORS 358.509 is amended to read:

1 358.509. If [a] the county assessor or State Historic Preservation Advisory Committee has reason to believe
2 that property classified as historic property is not being maintained or preserved as required under the National
3 Historic Preservation Act of 1966 (P.L. 89-665) or as required under rules established by the state historic
4 preservation officer or otherwise no longer qualifies for classification and special assessment as historic
5 property, the county assessor or State Historic Preservation Advisory Committee shall request the state historic
6 preservation officer to determine if the property continues to qualify. The request shall be in writing. Upon
7 receipt of the request, the state historic preservation officer shall inspect the property and may take whatever
8 steps are necessary to determine if the property continues to qualify for special assessment including a request
9 for a report under ORS 358.535. The state historic preservation officer shall notify the county assessor of the
10 determination made pursuant to the request of the assessor within 120 days after the request is received. A
11 determination by the state historic preservation officer that the property no longer qualifies shall constitute a
12 discovery described in ORS 358.515 (1)(c).

13 SECTION 7. ORS 358.515 is amended to read:

14 358.515. (1) When property has once been classified and assessed as historic property under ORS 358.475
15 to 358.545, it shall remain so classified and be granted the special assessment provided by ORS 358.505 until the
16 property becomes disqualified for such classification and assessment by:

17 (a) Written notice by the taxpayer to the assessor to remove the special assessment.

18 (b) Sale or transfer to an ownership making it exempt from property taxation.

19 (c) Removal of the special assessment by the assessor upon [his] discovery that the property no longer
20 qualifies as historic property.

21 (2) The sale or transfer to a new owner or transfer by reason of death of a former owner to a new owner
22 shall not operate to disqualify the property from the special assessment provided by ORS 358.505 so long as the
23 property continues to qualify as historic property as defined in ORS 358.480.

24 (3) When, for any reason, the property or any portion thereof ceases to qualify as historic property as
25 defined in ORS 358.480, the owner at the time of change shall notify the assessor and the state historic
26 preservation officer of the change prior to the next January 1 date.

27 SECTION 8. ORS 358.525 is amended to read:

28 358.525. (1) Except as provided in subsection (4) of this section, whenever property which has received
29 special assessment as historic property under ORS 358.505 thereafter becomes disqualified for such assessment
30 as provided in ORS 358.515, there shall be added to the tax extended against the property on the next general
31 property tax roll, to be collected and distributed in the same manner as the remainder of real property tax, a
32 penalty equal to 15 times (or such lesser number of times, corresponding to the years of assessment as historic
33 property applicable to the property) the total amount by which the taxes assessed against the property would
34 have been increased if it had been valued without regard to ORS 358.505 as of January 1 of the assessment year
35 for which special assessment as historic property was last in effect for the property.

36 (2) Whenever property that has received special assessment as historic property under ORS 358.505
37 becomes disqualified for such assessment and [the] either notice required by ORS 358.515 (3) is not given, the
38 assessor shall determine the date that the notice should have been given, shall notify the owner thereof and
39 notwithstanding ORS 311.220, there shall be added to the tax extended against the property on the next general
40 property tax roll, to be collected and distributed in the same manner as the remainder of the real property tax,

1 in full payment of all taxes and penalties accruing from the disqualification, a penalty equal to the sum of the
2 following:

3 (a) The difference between the total taxes due on the property during the last year in which special
4 assessment under ORS 358.505 was in effect for the property (even though erroneously) and the taxes which
5 would have been due had special assessment not been in effect, multiplied by

6 (b) The number of years that the special assessment was properly in effect for the property plus the
7 number of years that special assessment was in effect for the property after notice should have been given
8 under ORS 358.515 (3), plus

9 (c) An additional penalty of 15 percent of the product of paragraphs (a) and (b) of this subsection.

10 (3) Prior to adding to the tax extended against the property on the next general property tax roll of a
11 penalty imposed by subsection (1) or (2) of this section, in the case of disqualification pursuant to ORS 358.515
12 (1)(c), the assessor shall notify the owner of the property by mail, return receipt requested, of the
13 disqualification.

14 (4) No penalty shall be imposed under subsection (1) or (2) of this section upon the sale or transfer to an
15 ownership making it exempt from property taxation. No penalty shall be imposed under subsection (1) or (2) of
16 this section if the historic property is destroyed by fire or act of God.

17 (5) The amount determined to be due under subsection (1) or (2) of this section may be paid to the tax
18 collector prior to the completion of the next general property tax roll, pursuant to ORS 311.370.

19 **SECTION 9.** ORS 358.540 is amended to read:

20 358.540. (1) Property classified as historic property shall not be entitled to any other exemption or special
21 assessment provided by law.

22 (2) Nothing in ORS 358.475 to 358.545 shall be construed to deny classification as historic property to
23 property that has been classified as historic one or more times previous to the date of the current application from
24 again being classified as historic and receiving the special assessment granted under ORS 358.475 to 358.545 if:

25 (a) The property was removed from the previous classification under ORS 358.515 each time that it was so
26 classified; and

27 (b) Upon removal, the additional taxes, interest and penalties provided under ORS 358.525 were paid in full
28 for each year that the property was so classified and granted the special assessed value under ORS 358.505 prior to
29 its removal.

30 **SECTION 10.** Sections 11 and 12 of this Act are added to and made a part of ORS 358.475 to 358.565.

31 **SECTION 11.** (1) As used in this section, "new construction" includes, but is not limited to:

32 (a) An additional new building, structure or other improvement outside the building envelope, including but
33 not limited to a parking area to be or in use for commercial purposes.

34 (b) An enlargement of the exterior perimeters of an existing building, structure or improvement.

35 (c) Any story or stories added to an existing building, structure or improvement.

36 (2) Any additions made that are historically accurate reconstructions of once extant features or necessary
37 for safety or handicapped access or required by safety code requirements may be classified as not being "new
38 construction" by the state historic preservation officer if the state historic preservation officer so determines
39 after request is made by the owner. The assessor shall accept the determination of the state historic
40 preservation officer.

1 (3) If new construction takes place on or after the effective date of this 1983 Act with respect to property
2 for which a certificate already has been filed under ORS 358.495 (2), the new construction shall not be
3 considered classified as historic nor shall the new construction receive the special valuation accorded historic
4 property under ORS 358.505. The new construction shall be valued for ad valorem property tax purposes at its
5 true cash value and shall be assessed at the percentage of its true cash value provided in ORS 308.232.

6 **SECTION 12.** Any notice required under ORS 308.025 to be sent by a public official or agency with regard
7 to a change in classification to or from historic property classification shall be given by the county assessor
8 rather than the state historic preservation officer.

9 **SECTION 13.** The amendments to ORS 358.495 (3) by section 4 of this Act first apply to complaints filed in
10 the court system on or after the effective date of this Act. The provisions of this Act do not apply to any appeal
11 in which an amended complaint is filed on or after the effective date of this Act, if the original complaint in the
12 appeal was filed before the effective date of this Act.

Senate Revenue
5 May 1983
5 pages

PROPOSED AMENDMENTS TO SENATE BILL 341

On page 1 of the printed bill, after line 6, insert:

"(1) 'Governing body' means the city or county legislative body having jurisdiction over the property for which a limited assessment may be applied for under ORS 358.475 to 358.545."

In line 7, delete "(1)" and insert "(2)".

Delete line 9 and insert "or if the National Register of Historic Places ceases accepting nominations, the property is approved for listing on an Oregon register of historic places, that is open to the".

Restore line 10.

In line 11, restore "historic preservation officer".

In line 13, delete "(2)" and insert "(3)".

On page 2, line 8, delete "prior to" and insert "before".

In line 10, after the period delete the rest of the line and insert "The state historic preservation officer shall immediately send a copy of any application to the appropriate".

In line 11, before the period insert "and governing body".

In line 15, after "or" insert ", if the National Register of Historic Places ceases accepting nominations, the property is nominated for listing on" and delete "However," and delete "not".

In line 17, delete "until" and insert "if" and after the second "or" delete the rest of the line and line 18 and insert ", if the National Register of Historic Places ceases accepting nominations, the property is approved for listing on an Oregon register of historic places by March 15 of the year following preliminary application. If the property is not listed on the National Register of Historic Places or, if the National Register of Historic Places ceases accepting nominations, the property is not approved for listing on an Oregon register of historic places by March 15 of the year following

1 preliminary application, then the preliminary application shall be considered
2 an application made or received for purposes of subsection (2) of this
3 section, ORS 358.490, 358.495 or other law, on the date the property is
4 actually listed."

5 In line 20, after "assessor" insert "and governing body".

6 In line 21, after "assessor" insert "and governing body".

7 Delete lines 26 through 31 and insert:

8 "(6) The application for classification and assessment under ORS 358.475
9 to 358.545 shall not be processed unless accompanied by a nonrefundable fee
10 of one-tenth of one percent of the assessed value of the property for the
11 year in which application is made. The fee shall be deposited in the General
12 Fund for use by the state historic preservation officer.

13 "SECTION 3. If Senate Bill 337 becomes law, section 2 of this Act is
14 repealed and ORS 358.485 is amended to read:

15 "358.485. (1) An owner of historic property desiring classification and
16 assessment under ORS 358.475 to 358.545 shall make application to the county
17 assessor upon forms approved by the Department of Revenue and consent in
18 writing to the viewing of the property by the state historic preservation
19 officer and any state advisory committee on historic preservation. Applications
20 shall be made prior to December 31, 1975, for classification for the assessment
21 year commencing January 1, 1976, and thereafter applications to the county
22 assessor shall be made during the calendar year preceding the first
23 assessment year for which classification is requested, except that no
24 application shall be made under this subsection after December 31, 1983.
25 Application for classification shall be granted only for those 15 consecutive
26 assessment years immediately following the calendar year in which the
27 application is made.

1 "(2) On and after January 1, 1984, an owner of historic property
2 desiring classification and assessment under ORS 358.475 to 358.545 for the
3 property shall make application to the state historic preservation officer on
4 forms approved by the state historic preservation officer. The forms shall
5 include or be accompanied by the written consent of the owner to the viewing
6 of the property by the state historic preservation officer and by any state
7 advisory committee on historic preservation. Except as provided in
8 subsection (3) of this section, applications shall be made on or before
9 December 31, 1984, for classification for the assessment year commencing
10 January 1, 1985, and thereafter applications shall be made during the
11 calendar year preceding the first assessment year for which classification is
12 requested. The state historic preservation officer shall immediately send a
13 copy of any application to the appropriate county assessor governing body.
14 Applications for classification shall be granted only for those 15 consecutive
15 assessment years immediately following the calendar year in which the
16 application is made.

17 "(3) An owner may make preliminary application for classification of
18 property as historic upon approval by the state advisory committee on historic
19 preservation of the nomination of the property for listing on the National
20 Register of Historic Places or, if the National Register of Historic Places
21 ceases accepting nominations, the property is nominated for listing on an
22 Oregon register of historic places. The preliminary application shall be
23 considered an application made or received for purposes of subsection (2) of
24 this section, ORS 358.490 or 358.495, or other law, if the property is actually
25 listed in the National Register of Historic Places or, if the National Register
26 of Historic Places ceases accepting nominations, the property is approved for
27 listing on an Oregon register of historic places by March 15 of the year
28 following preliminary application. If the property is not listed on the National

1 Register of Historic Places or, if the National Register of Historic Places
2 ceases accepting nominations, the property is not approved for listing on an
3 Oregon register of historic places by March 15 of the year following
4 preliminary application, then the preliminary application shall be considered
5 an application made or received for purposes of subsection (2) of this
6 section, ORS 358.490, 358.495 or other law, on the date the property is
7 actually listed.

8 "(4) Immediately upon receipt of a copy of the application under
9 subsection (2) of this section, the county assessor and governing body shall
10 review the application for accuracy and completeness of description and other
11 matters within the expertise of the county assessor and shall make
12 recommendations regarding the classification to the state historic preservation
13 officer.

14 "(5) By making application for classification and assessment under ORS
15 358.475 to 358.545, the owner consents that the state historic preservation
16 officer have access to the property for inspection at reasonable times to
17 insure that the terms of the national register or other federal or state laws or
18 requirements are being met.

19 "(6) The application for classification and assessment under ORS 358.475
20 to 358.545 shall not be processed unless accompanied by a nonrefundable fee
21 of one-tenth of one percent of the assessed value of the property for the
22 year in which application is made. The fee shall be deposited in the General
23 Fund for use by the state historic preservation officer or for transfer to the
24 Oregon Property Management Fund established under chapter _____, Oregon
25 Laws 1983 (Enrolled Senate Bill 337), upon the advice of the State Historic
26 Preservation Advisory Committee."

27 In line 32, delete "3" and insert "4".

28 After line 39, insert:

1 "(2) During the review process, the state historic preservation officer
2 shall consider the county assessor's and governing body's recommendations
3 submitted under ORS 358.485 (4).".

4 On page 3, line 1, delete "(2)" and insert "(3)".

5 In line 4, delete "4" and insert "5".

6 In line 22, after "may" delete the rest of the line and lines 23 and 24 and
7 insert "request a contested case hearing before the historic preservation
8 officer according to the provisions of ORS 183.310 to 183.550.".

9 In line 25, delete "5" and insert "6".

10 In line 39, delete "6" and insert "7".

11 On page 4, line 13, delete "7" and insert "8".

12 In line 27, delete "8" and insert "9".

13 On page 5, line 19, delete "9" and insert "10".

14 In line 30, delete "10" and insert "11" and delete "11 and 12" and insert
15 "12 and 13".

16 In line 31, delete "11" and insert "12".

17 In line 39, after the period delete the rest of the line and line 40.

18 On page 6, line 6, delete "12" and insert "13".

19 In line 9, delete "13" and insert "14" and delete "4" and insert "5".

A-Engrossed

Senate Bill 341

Ordered by the Senate May 12
Including Senate Amendments dated May 12

Exhibit 10
House Comm. on Revenue
7/15/83
7pg exh.

Sponsored by Senator POTTS, Representative ZAJONC (at the request of Historic Preservation Task Force)

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.

- Makes certain changes in law governing special assessment for property tax purposes of historic property.
- (1) Allows historic property designated as historically significant by state historic preservation officer to qualify for special tax treatment if **National Register of Historic Places ceases to accept nominations.**
- (2) After 1983, requires that application for special tax treatment be made to state historic preservation officer rather than to county assessor. Makes related changes.
- (3) Allows preliminary application for historic classification to be made upon nomination of property for registration in National Register of Historic Places.
- (4) Requires county assessor notify state historic preservation officer if county assessor believes that historic property is not being maintained and preserved as required under rules of state historic preservation officer.
- (5) Requires that owner notify both county assessor and state historic preservation officer if property ceases to qualify as historic property. Provides penalty if notice is not given.
- (6) If new construction takes place after effective date of Act, requires that new construction be valued at market value and be assessed at same ratio for its property class as other property.

A BILL FOR AN ACT

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Relating to property taxation; creating new provisions; and amending ORS 358.480, 358.485, 358.490, 358.495, 358.505, 358.509, 358.515, 358.525 and 358.540.

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

SECTION 1. ORS 358.480 is amended to read:

358.480. As used in ORS 358.475 to 358.545, unless the context requires otherwise:

(1) "Governing body" means the city or county legislative body having jurisdiction over the property for which a limited assessment may be applied for under ORS 358.475 to 358.545.

[(1)] (2) "Historic property" means real property that is currently listed in the National Register of Historic Places, established and maintained under the National Historic Preservation Act of 1966 (P.L. [89-655] 89-665) [*; that is open to the*] or if the National Register of Historic Places ceases accepting nominations, the property is approved for listing on an Oregon register of historic places, that is open to the public for sight-seeing at least one day in each calendar year in accordance with rules adopted by the state historic preservation officer[*;*] and that meets the minimum standards of maintenance established by rule of the state historic preservation officer.

[(2)] (3) "Owner" includes a purchaser under recorded instrument of sale.

SECTION 2. ORS 358.485 is amended to read:

358.485. (1) An owner of historic property desiring classification and assessment under ORS 358.475 to 358.545 shall make application to the county assessor upon forms approved by the Department of Revenue and consent in writing to the viewing of the property by the state historic preservation officer and [*any*] the State Advisory Committee on Historic Preservation. Applications shall be made prior to December 31, 1975, for

NOTE: Matter in bold face in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.



1 classification for the assessment year commencing January 1, 1976, and thereafter applications to the county
2 assessor shall be made during the calendar year preceding the first assessment year for which classification is
3 requested, except that no application shall be made under this subsection after December 31, 1983. Application
4 for classification shall be granted only for those 15 consecutive assessment years immediately following the
5 calendar year in which the application is made.

6 (2) On and after January 1, 1984, an owner of historic property desiring classification and assessment under
7 ORS 358.475 to 358.545 for the property shall make application to the state historic preservation officer on forms
8 approved by the state historic preservation officer. The forms shall include or be accompanied by the written
9 consent of the owner to the viewing of the property by the state historic preservation officer and by the State
10 Advisory Committee on Historic Preservation. Except as provided in subsection (3) of this section, applications
11 shall be made on or before December 31, 1984, for classification for the assessment year commencing January 1,
12 1985, and thereafter applications shall be made during the calendar year preceding the first assessment year for
13 which classification is requested. The state historic preservation officer shall immediately send a copy of any
14 application to the appropriate county assessor and governing body. Applications for classification shall be granted
15 only for those 15 consecutive assessment years immediately following the calendar year in which the application is
16 made.

17 (3) An owner may make preliminary application for classification of property as historic upon approval by the
18 State Advisory Committee on Historic Preservation of the nomination of the property for listing on the National
19 Register of Historic Places or, if the National Register of Historic Places ceases accepting nominations, the
20 nomination of the property for listing on an Oregon register of historic places. The preliminary application shall be
21 considered an application made or received for purposes of subsection (2) of this section, ORS 358.490 or 358.495,
22 or other law, if the property is actually listed in the National Register of Historic Places or, if the National Register
23 of Historic Places ceases accepting nominations, the property is approved for listing on an Oregon register of
24 historic places by March 15 of the year following preliminary application. If the property is not listed on the
25 National Register of Historic Places or, if the National Register of Historic Places ceases accepting nominations, the
26 property is not approved for listing on an Oregon register of historic places by March 15 of the year following
27 preliminary application, then the preliminary application shall be considered an application made or received for
28 purposes of subsection (2) of this section, ORS 358.490, 358.495 or other law on the date the property is actually
29 listed.

30 (4) Immediately upon receipt of a copy of the application under subsection (2) of this section, the county
31 assessor shall review the application for accuracy and completeness of description and other matters within the
32 expertise of the county assessor and shall make recommendations regarding the classification to the state historic
33 preservation officer.

34 (5) Immediately upon receipt of a copy of the application under subsection (2) of this section, the governing
35 body shall review the application for matters relating to public benefit and shall make recommendations regarding
36 the classification to the state historic preservation officer.

37 (6) By making application for classification and assessment under ORS 358.475 to 358.545, the owner consents
38 that the state historic preservation officer have access to the property for inspection at reasonable times to insure
39 that the terms of the national register or other federal or state laws or requirements are being met.

1 (7) The application for classification and assessment under ORS 358.475 to 358.545 shall not be processed
2 unless accompanied by a nonrefundable fee of one-tenth of one percent of the assessed value of the property for the
3 year in which application is made. The fee shall be deposited in the General Fund for use by the state historic
4 preservation officer.

5 SECTION 3. If Senate Bill 337 becomes law, section 2 of this Act is repealed and ORS 358.485 is amended
6 to read:

7 358.485. (1) An owner of historic property desiring classification and assessment under ORS 358.475 to
8 358.545 shall make application to the county assessor upon forms approved by the Department of Revenue and
9 consent in writing to the viewing of the property by the state historic preservation officer and [any] the State
10 Advisory Committee on Historic Preservation. Applications shall be made prior to December 31, 1975, for
11 classification for the assessment year commencing January 1, 1976, and thereafter applications to the county
12 assessor shall be made during the calendar year preceding the first assessment year for which classification is
13 requested, except that no application shall be made under this subsection after December 31, 1983. Application
14 for classification shall be granted only for those 15 consecutive assessment years immediately following the
15 calendar year in which the application is made.

16 (2) On and after January 1, 1984, an owner of historic property desiring classification and assessment under
17 ORS 358.475 to 358.545 for the property shall make application to the state historic preservation officer on forms
18 approved by the state historic preservation officer. The forms shall include or be accompanied by the written
19 consent of the owner to the viewing of the property by the state historic preservation officer and by the State
20 Advisory Committee on Historic Preservation. Except as provided in subsection (3) of this section, applications
21 shall be made on or before December 31, 1984, for classification for the assessment year commencing January 1,
22 1985, and thereafter applications shall be made during the calendar year preceding the first assessment year for
23 which classification is requested. The state historic preservation officer shall immediately send a copy of any
24 application to the appropriate county assessor and governing body. Applications for classification shall be granted
25 only for those 15 consecutive assessment years immediately following the calendar year in which the application is
26 made.

27 (3) An owner may make preliminary application for classification of property as historic upon approval by the
28 State Advisory Committee on Historic Preservation of the nomination of the property for listing on the National
29 Register of Historic Places or, if the National Register of Historic Places ceases accepting nominations, the
30 nomination of the property for listing on an Oregon register of historic places. The preliminary application shall be
31 considered an application made or received for purposes of subsection (2) of this section, ORS 358.490 or 358.495,
32 or other law, if the property is actually listed in the National Register of Historic Places or, if the National Register
33 of Historic Places ceases accepting nominations, the property is approved for listing on an Oregon register of
34 historic places by March 15 of the year following preliminary application. If the property is not listed on the
35 National Register of Historic Places or, if the National Register of Historic Places ceases accepting nominations, the
36 property is not approved for listing on an Oregon register of historic places by March 15 of the year following
37 preliminary application, then the preliminary application shall be considered an application made or received for
38 purposes of subsection (2) of this section, ORS 358.490, 358.495 or other law, on the date the property is actually
39 listed.

1 (4) Immediately upon receipt of a copy of the application under subsection (2) of this section, the county
2 assessor shall review the application for accuracy and completeness of description and other matters within the
3 expertise of the county assessor and shall make recommendations regarding the classification to the state historic
4 preservation officer.

5 (5) Immediately upon receipt of a copy of the application under subsection (2) of this section, the governing
6 body shall review the application for matters relating to public benefit and shall make recommendations regarding
7 the classification to the state historic preservation officer.

8 (6) By making application for classification and assessment under ORS 358.475 to 358.545, the owner consents
9 that the state historic preservation officer have access to the property for inspection at reasonable times to insure
10 that the terms of the national register or other federal or state laws or requirements are being met.

11 (7) The application for classification and assessment under ORS 358.475 to 358.545 shall not be processed
12 unless accompanied by a nonrefundable fee of one-tenth of one percent of the assessed value of the property for the
13 year in which application is made. The fee shall be deposited in the Highway Fund for use by the Administrator of
14 the Parks and Recreation Division or for transfer to the Oregon Property Management Account established under
15 chapter _____, Oregon Laws 1983 (Enrolled Senate Bill 337), upon the advice of the State Advisory Committee
16 on Historic Preservation.

17 SECTION 4. ORS 358.490 is amended to read:

18 358.490. (1) Within 10 days after the filing of *[the]* an application *[in his office]* filed before January 1, 1984,
19 the county assessor shall refer each application for classification to the state historic preservation officer.
20 Following referral, or after an application is filed under ORS 358.485 (2) or (3), the *[state historic preservation*
21 *officer, with the assistance of the]* State Advisory Committee on Historic Preservation[,] shall review the
22 application and may view the premises. The state historic preservation officer shall not disapprove the
23 application solely because of the potential loss of revenue that may result from granting the application if *[he]*
24 the state historic preservation officer finds that the property is historic property.

25 (2) During the review process, the state historic preservation officer shall consider the county assessor's and
26 governing body's recommendations submitted under ORS 358.485 (4) and (5).

27 *[(2)]* (3) The state historic preservation officer may approve the application with respect to only part of the
28 property which is the subject of the application. However, if any part of the application is denied, the applicant
29 may withdraw *[his]* the application.

30 SECTION 5. ORS 358.495 is amended to read:

31 358.495. (1) Immediately following approval or disapproval of an application under ORS 358.490, the state
32 historic preservation officer shall *[immediately]* notify the county assessor and the applicant *[of his approval or*
33 *disapproval of the application]* which shall in no event be later than April 1 of the year following the year *[of*
34 *receipt of]* that the application is considered received under ORS 358.485. An application not denied by April 1
35 shall be deemed approved, and the property which is the subject of the application shall be considered to be
36 historic property which qualifies under ORS 358.475 to 358.545.

37 (2) When the state historic preservation officer determines that the historic property qualifies under ORS
38 358.475 to 358.545, *[he]* the state historic preservation officer shall certify that fact in writing and shall file a copy
39 of the certificate with the county assessor within 10 days. The certificate shall state the facts upon which the
40 approval was based. The county assessor, as to any such historic property, shall assess on the basis provided in

1 ORS 358.505, and each year the historic property is classified and so assessed shall also enter on the
2 assessment and tax roll that the property is being specially assessed as historic property and is subject to
3 potential additional taxes as provided in ORS 358.525 by adding the notation "historic property (potential
4 additional tax)."

5 (3) Any owner [*whose application for classification has been denied by the state historic preservation officer*
6 *may appeal to the circuit court in the county where the land is located, or if located in more than one county, in*
7 *that county in which the major portion is located.*] or county assessor affected by a determination of the state
8 historic preservation officer made under ORS 358.475 to 358.565 may request a contested case hearing before the
9 state historic preservation officer according to the provisions of ORS 183.310 to 183.550.

10 SECTION 6. ORS 358.505 is amended to read:

11 358.505. (1) For purposes of ORS 308.232, the county assessor shall, for the 15 consecutive assessment
12 years elected under ORS 358.485, value property classified as historic property at the true cash value of the
13 property at the time application under ORS 358.485 was made.

14 (2) The entitlement of property to the special assessment provisions of this section shall be determined as
15 of January 1. However, if property so qualified becomes disqualified prior to July 1 of the same year, it shall be
16 valued under ORS 308.232 at its true cash value as defined by law without regard to this section. If the property
17 becomes disqualified on or after July 1, its assessment for that year shall continue as provided in this section.

18 (3) True cash value, as defined and determined under ORS 308.205 and 308.235, shall be determined for
19 property classified as historic property by the county assessor each year. The true cash value so determined for any
20 year shall be subject to appeal to the county board of equalization within the time and in the manner provided in
21 ORS chapter 309 and shall be subject to appeal thereafter to the Department of Revenue and the Supreme Court
22 within the time and in the manner provided for appeals of value determination for purposes of ad valorem property
23 taxation.

24 SECTION 7. ORS 358.509 is amended to read:

25 358.509. If [a] the county assessor or State Advisory Committee on Historic Preservation has reason to
26 believe that property classified as historic property is not being maintained or preserved as required under the
27 National Historic Preservation Act of 1966 (P.L. 89-665) or as required under rules established by the state historic
28 preservation officer or otherwise no longer qualifies for classification and special assessment as historic
29 property, the county assessor or State Advisory Committee on Historic Preservation shall request the state
30 historic preservation officer to determine if the property continues to qualify. The request shall be in writing.
31 Upon receipt of the request, the state historic preservation officer shall inspect the property and may take
32 whatever steps are necessary to determine if the property continues to qualify for special assessment including
33 a request for a report under ORS 358.535. The state historic preservation officer shall notify the county
34 assessor of the determination made pursuant to the request of the assessor within 120 days after the request is
35 received. A determination by the state historic preservation officer that the property no longer qualifies shall
36 constitute a discovery described in ORS 358.515 (1)(c).

37 SECTION 8. ORS 358.515 is amended to read:

38 358.515. (1) When property has once been classified and assessed as historic property under ORS 358.475
39 to 358.545, it shall remain so classified and be granted the special assessment provided by ORS 358.505 until the
40 property becomes disqualified for such classification and assessment by:

1 (a) Written notice by the taxpayer to the assessor to remove the special assessment.

2 (b) Sale or transfer to an ownership making it exempt from property taxation.

3 (c) Removal of the special assessment by the assessor upon *[his]* discovery that the property no longer
4 qualifies as historic property.

5 (2) The sale or transfer to a new owner or transfer by reason of death of a former owner to a new owner
6 shall not operate to disqualify the property from the special assessment provided by ORS 358.505 so long as the
7 property continues to qualify as historic property as defined in ORS 358.480.

8 (3) When, for any reason, the property or any portion thereof ceases to qualify as historic property as
9 defined in ORS 358.480, the owner at the time of change shall notify the assessor and the state historic
10 preservation officer of the change prior to the next January 1 date.

11 **SECTION 9.** ORS 358.525 is amended to read:

12 358.525. (1) Except as provided in subsection (4) of this section, whenever property which has received
13 special assessment as historic property under ORS 358.505 thereafter becomes disqualified for such assessment
14 as provided in ORS 358.515, there shall be added to the tax extended against the property on the next general
15 property tax roll, to be collected and distributed in the same manner as the remainder of real property tax, a
16 penalty equal to 15 times (or such lesser number of times, corresponding to the years of assessment as historic
17 property applicable to the property) the total amount by which the taxes assessed against the property would
18 have been increased if it had been valued without regard to ORS 358.505 as of January 1 of the assessment year
19 for which special assessment as historic property was last in effect for the property.

20 (2) Whenever property that has received special assessment as historic property under ORS 358.505
21 becomes disqualified for such assessment and *[the]* either notice required by ORS 358.515 (3) is not given, the
22 assessor shall determine the date that the notice should have been given, shall notify the owner thereof and
23 notwithstanding ORS 311.220, there shall be added to the tax extended against the property on the next general
24 property tax roll, to be collected and distributed in the same manner as the remainder of the real property tax,
25 in full payment of all taxes and penalties accruing from the disqualification, a penalty equal to the sum of the
26 following:

27 (a) The difference between the total taxes due on the property during the last year in which special
28 assessment under ORS 358.505 was in effect for the property (even though erroneously) and the taxes which
29 would have been due had special assessment not been in effect, multiplied by

30 (b) The number of years that the special assessment was properly in effect for the property plus the
31 number of years that special assessment was in effect for the property after notice should have been given
32 under ORS 358.515 (3), plus

33 (c) An additional penalty of 15 percent of the product of paragraphs (a) and (b) of this subsection.

34 (3) Prior to adding to the tax extended against the property on the next general property tax roll of a
35 penalty imposed by subsection (1) or (2) of this section, in the case of disqualification pursuant to ORS 358.515
36 (1)(c), the assessor shall notify the owner of the property by mail, return receipt requested, of the
37 disqualification.

38 (4) No penalty shall be imposed under subsection (1) or (2) of this section upon the sale or transfer to an
39 ownership making it exempt from property taxation. No penalty shall be imposed under subsection (1) or (2) of
40 this section if the historic property is destroyed by fire or act of God.

1 (5) The amount determined to be due under subsection (1) or (2) of this section may be paid to the tax
2 collector prior to the completion of the next general property tax roll, pursuant to ORS 311.370.

3 **SECTION 10.** ORS 358.540 is amended to read:

4 358.540. (1) Property classified as historic property shall not be entitled to any other exemption or special
5 assessment provided by law.

6 (2) Nothing in ORS 358.475 to 358.545 shall be construed to deny classification as historic property to
7 property that has been classified as historic one or more times previous to the date of the current application from
8 again being classified as historic and receiving the special assessment granted under ORS 358.475 to 358.545 if:

9 (a) The property was removed from the previous classification under ORS 358.515 each time that it was so
10 classified; and

11 (b) Upon removal, the additional taxes, interest and penalties provided under ORS 358.525 were paid in full
12 for each year that the property was so classified and granted the special assessed value under ORS 358.505 prior to
13 its removal.

14 **SECTION 11.** Sections 12 and 13 of this Act are added to and made a part of ORS 358.475 to 358.565.

15 **SECTION 12.** (1) As used in this section, "new construction" includes, but is not limited to:

16 (a) An additional new building, structure or other improvement outside the building envelope, including but
17 not limited to a parking area to be or in use for commercial purposes.

18 (b) An enlargement of the exterior perimeters of an existing building, structure or improvement.

19 (c) Any story or stories added to an existing building, structure or improvement.

20 (2) Any additions made that are historically accurate reconstructions of once extant features or necessary
21 for safety or handicapped access or required by safety code requirements may be classified as not being "new
22 construction" by the state historic preservation officer if the state historic preservation officer so determines
23 after request is made by the owner.

24 (3) If new construction takes place on or after the effective date of this 1983 Act with respect to property
25 for which a certificate already has been filed under ORS 358.495 (2), the new construction shall not be
26 considered classified as historic nor shall the new construction receive the special valuation accorded historic
27 property under ORS 358.505. The new construction shall be valued for ad valorem property tax purposes at its
28 true cash value and shall be assessed at the percentage of its true cash value provided in ORS 308.232.

29 **SECTION 13.** Any notice required under ORS 308.025 to be sent by a public official or agency with regard
30 to a change in classification to or from historic property classification shall be given by the county assessor
31 rather than the state historic preservation officer.

32 **SECTION 14.** The amendments to ORS 358.495 (3) by section 5 of this Act first apply to complaints filed in
33 the court system on or after the effective date of this Act. The provisions of this Act do not apply to any appeal
34 in which an amended complaint is filed on or after the effective date of this Act, if the original complaint in the
35 appeal was filed before the effective date of this Act.

MOTION: REPRESENTATIVE SCHOON so-moved
SB 773 to Judiciary.

VOTE: In a roll call vote: Ayes: Rep. Cease,
Hosticka, Markham, Parkinson, Priestley, B.
Roberts, Schoon, Trahern and Throop.

013 CHAIRMAN THROOP opened the hearing on SB 781, Exhibit 8.
TERRY DRAKE explained this bill relates to withholdings made
by agricultural employers. This allows agriculture employers
to pay state withholdings the same as they do federal withholdings.
This is usually less restrictive than for regular employers.
Revenue Impact and Fiscal Impact, Exhibit 9, were available for
information.

064 MOTION: REPRESENTATIVE SCHOON made a motion to send
SB 781 to the floor with a Do-pass recommenda-
tion. Tom Throop to carry.

Vote: In a roll call vote: Ayes: Rep. Hosticka,
Markham, Parkinson, Priestley, B. Roberts,
Schoon, Trahern and Throop.
Excused: Rep. Cease.

CHAIRMAN THROOP opened the hearing on SB 341, Exhibit 10.
091 MARK NELSON and DAVID POWERS stated the assessors and
the historic property interests have been at odds. This bill
has a consensus from the two groups.

153 RICK PETERSON briefly explained the review process.
This bill is mainly written so that local government can look at
the tax freeze. Staff Measure Analysis & Rev. Impact, Exhibit 11.

290 MOTION: REPRESENTATIVE ROBERTS made a motion to send
SB 341 to the floor with a Do-Pass recommendation.

Vote: In a roll call vote: Ayes: Rep. Hosticka,
Markham, Parkinson, Priestley, Roberts, Schoon,
Trahern and Throop.
Excused: Rep. Cease
Floor Leader: Representative Roberts.

OREGON STATE SENATE
STAFF MEASURE ANALYSIS

Measure: SB 341-A

Title: Historical Property

Committee: Revenue

Hearing Dates: 4/25; 4/28; 5/5/1983

Explanation Prepared By: Rick Peterson, Economist
Legislative Revenue Office

*Exhibit 11
How Comm Revenue
7/15/83
2 pg Exh.*

Problem addressed.

Rehabilitation of some historical properties can be delayed by a year because of the requirement that properties be listed on the National Register of Historic Places before application for special property tax treatment.

Function and purpose of measure as reported out.

- (1) Allow preliminary applications to be accepted by State historic preservation officer before property is actually listed on the National Register. However, property still will not qualify for special property tax treatment until listed on the National Register.
- (2) Creates a one-time application fee of one-tenth of one percent of assessed value of the property.
- (3) Changes appeals process from the circuit court to the administrative appeals process.
- (4) Allows properties to reapply for special tax treatment if the property is removed from the program and all additional taxes are paid.

Major issues discussed.

- (1) Local government involvement in the decision to approve special property tax treatment.
- (2) One day visitation requirement.
- (3) Use of Oregon Register of Historic Places as a qualification for special property tax treatment.

Effect of committee amendments.

- (1) Provides for local government involvement in the application process.
- (2) Restores the one day visitation requirement.
- (3) Changes appeals process to administrative appeals process.
- (4) Allows properties on an Oregon list of historic places to qualify for special property tax treatment only if National Register ceases to accept nominations.

STATE OF OREGON
LEGISLATIVE REVENUE OFFICE
140 STATE CAPITOL BUILDING
SALEM, OREGON 97310
378-8873

REVENUE ANALYSIS OF PROPOSED LEGISLATION
1983 REGULAR SESSION

BILL NUMBER	TAX AREA OR SUBJECT	ECONOMIST	DATE
SB 341-A	Historical Property	Peterson	5/9/83

Description:

Allows properties on Oregon Register of Historical Places to qualify for special tax treatment if National Register of Historic Places ceases to accept nominations.

Allows preliminary application for special property tax treatment while waiting for listing on National Register.

Creates a one-time application fee of one-tenth of one percent of assessed value of the property.

Changes appeals process from the circuit court to the administrative appeals process.

Allows properties to reapply for special property tax treatment if the property is removed from the program and all the additional taxes are paid.

Provides for local government involvement in the application review process.

Revenue Impact:

The application fee will raise approximately \$10,000 of revenue for the 1983-85 biennium. This revenue is to be used to support the historic preservation program.