

HISTORY SHEET HOUSE

HOUSE BILL 2788

Sponsored by Representative KATZ

Relating to property taxation; creating new provision; and amending ORS 91.512, 307.670 and 308.477.

ORIGINAL

	Date
Engrossed	May 11
Printed A	May 11
Re-engrossed	June 16
Printed B	June 16
Eng Re-eng	July 28
Printed C	July 28
Re-eng Re-eng	
Printed D	
Eng Re-eng Re-eng	
Printed E	
ENROLLED	August 4

HOUSE ACTION		SENATE ACTION	
READ FIRST TIME REFERRED TO SPEAKER'S DESK	REFERRED	READ FIRST TIME REFERRED TO PRESIDENT'S DESK	REFERRED
6/20/81		6/20/81	6/27/81
REFERRED TO		REFERRED TO	
Genevieve		Genevieve	
REPORTED BACK	WITH THE RECOMMENDATION	REPORTED BACK	WITH THE RECOMMENDATION
7/28/81	THAT IT	7/28/81	THAT IT
<input type="checkbox"/> DO PASS	<input checked="" type="checkbox"/> DO PASS WITH AMENDMENT	<input type="checkbox"/> DO PASS	<input checked="" type="checkbox"/> DO PASS WITH AMENDMENT TO THE B-ENG. RESERVE
REFERRED TO		REFERRED TO	
REPORTED BACK	WITH THE RECOMMENDATION	REPORTED BACK	WITH THE RECOMMENDATION
	THAT IT		THAT IT
<input type="checkbox"/> DO PASS	<input type="checkbox"/> DO PASS WITH AMENDMENT	<input type="checkbox"/> DO PASS	<input type="checkbox"/> DO PASS WITH AMENDMENT
READ SECOND TIME	READ THIRD TIME AND	READ SECOND TIME	READ THIRD TIME AND
PASSED JUN 19 1981	PASSED July 30 1981	7/28/81	PASSED July 30 1981
SIGNED		SIGNED	Michael Cadmus SECRETARY OF SENATE
CHIEF CLERK		HOUSE	REFERRED IN SENATE AMENDMENTS AND REPASSED
ADDITIONAL ACTION			

Enrolled

House Bill 2788

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CHAPTER.....

AN ACT

Relating to property taxation; creating new provisions; and amending ORS 91.512, 307.670 and 308.477.

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

SECTION 1. Section 2 of this Act is added to and made a part of ORS 308.450 to 308.481.

SECTION 2. (1) If, after a certificate of qualification has been filed with the county assessor under ORS 308.466, a declaration defined in ORS 91.500 (9) with respect to the property is presented to the county assessor or tax collector for approval under ORS 91.512 or if the county assessor discovers that a portion of the rehabilitated rental residential property is changed to a use that is other than residential or housing:

(a) The limited assessment granted to the property or portion under ORS 308.450 to 308.481 shall terminate immediately, without right of notice or appeal;

(b) The property or portion shall be assessed and taxed in the same manner as other property similarly situated is assessed and taxed; and

(c) Notwithstanding ORS 311.220, there shall be added to the general property tax roll for the tax year next following the presentation or discovery, to be collected and distributed in the same manner as other real property tax, an amount equal to:

(A) The difference between the amount of tax levied with respect to the property or portion for the tax year for which the property or portion was last granted limited assessment and an amount equal to the tax that would have been levied if the property or portion had not been granted limited assessment for that year, multiplied by the tax rate of the tax levy in the tax code area in which the property is located for that same year, multiplied by

(B) A number equal to the number of years, not to exceed 10 years, during which the property was granted limited assessment under ORS 308.450 to 308.481.

(2) If, at the time of presentation or discovery, the property is no longer receiving limited assessment, additional taxes shall be imposed as provided in this section, but the number of years that would otherwise be used to compute the additional taxes shall be reduced one year for each year that has elapsed since the year the property was last granted limited assessment.

(3) The assessment and tax rolls shall show "potential additional tax liability" for each property granted limited assessment under ORS 308.340 to 308.481.

Section 3. ORS 308.477 is amended to read:

308.477. (1) Except as provided in section 2 of this 1981 Act, if, after a certificate of qualification has been filed with the county assessor under ORS 308.466, the governing body finds that the rehabilitation improvements were not completed on or before January 1, 1988, or that any provision of ORS 308.450 to 308.481 is not being complied with, or any provision required by the governing body pursuant to ORS 308.450

to 308.481 is not being complied with, it shall give notice in writing to the owner, mailed to the owner's last-known address, of the proposed termination of the limited assessment. The notice shall state the reasons for the proposed termination and shall require the owner to appear at a specified time, not less than 20 days after mailing the notice, to show cause, if any, why the limited assessment should not be terminated.

(2) If the owner does not appear or appears and fails to show cause why the limited assessment should not be terminated, the governing body shall terminate the limited assessment. A copy of the termination shall be filed with the county assessor and a copy sent to the owner at the owner's last-known address, within 10 days after its adoption.

(3) The owner may appeal the termination to the circuit court, and from the decision of the circuit court to the Court of Appeals, as provided by law.

(4) If no appeal is taken as provided in subsection (3) of this section, or upon final adjudication, the county officials having possession of the assessment and tax rolls shall correct the rolls in the manner provided for omitted property under ORS 311.207 to 311.213[,] to provide for the assessment and taxation of any value not included in the valuation of the rehabilitation improvements during the period of limited assessment prior to termination by the governing body or by a court, in accordance with the findings of the governing body or the court as to the assessment year in which the limited assessment is to terminate. The county assessor shall make the valuation of the property necessary to permit correction of the rolls, and the owner may appeal the valuation in the manner provided under ORS 311.207 to 311.213. Where there has been a failure to comply, as provided in subsection (1) of this section, the property shall be revalued beginning January 1 of the calendar year in which the noncompliance first occurred. Any additional taxes becoming due shall be payable without interest if paid in the period prior to the 16th day of the month next following the month of correction. If not paid within such period, the additional taxes shall thereafter be considered delinquent on the date they would normally have become delinquent if timely extended on the roll or rolls in the year or years for which the correction was made.

SECTION 4. Section 5 of this Act is added to and made a part of ORS 307.600 to 307.690.

SECTION 5. (1) If, after application has been approved under ORS 307.600 to 307.690, a declaration defined in ORS 91.500 (9) with respect to the property is presented to the county assessor or tax collector for approval under ORS 91.512 or if the county assessor discovers that the multiple-unit housing or a portion of the multiple-unit housing is changed to a use that is other than residential or housing:

(a) The exemption granted the multiple-unit housing or portion under ORS 307.600 to 307.690 shall terminate immediately, without right of notice or appeal;

(b) The property or portion shall be assessed and taxed as other property similarly situated is assessed and taxed; and

(c) Notwithstanding ORS 311.220, there shall be added to the general property tax roll for the tax year next following the presentation or discovery, to be collected and distributed in the same manner as other real property tax, an amount equal to:

(A) The assessed value of the property or portion had it not been exempt under ORS 307.600 to 307.690 for the last tax year that it was so exempt multiplied by the tax rate of the tax levy for the tax year in the tax code area in which the property is located for the last year of exemption, multiplied by

(B) A number of years equal to the number of years, not to exceed 10 years, during which the property was exempt from taxation under ORS 307.600 to 307.690.

(2) If, at the time of presentation or discovery, the property is no longer exempt, additional taxes shall be imposed as provided in this section, but the number of years that would otherwise be used to compute the additional taxes shall be reduced one year for each year that has elapsed since the year the property was last granted exemption.

(3) The assessment and tax rolls shall show "potential additional tax liability" for each property granted exemption under ORS 307.600 to 307.690.

Section 6. ORS 307.670 is amended to read:

307.670. (1) Except as provided in section 5 of this 1981 Act, if, after an application has been approved under ORS 307.600 to 307.690, the city finds that construction of multiple-unit housing was not completed on or before January 1, 1985, or that any provision of ORS 307.600 to 307.690 is not being complied with, or any provision required by the city pursuant to ORS 307.600 to 307.690 is not being complied with, the city shall give

notice to the owner, mailed to the owner's last-known address, of the proposed termination of the exemption. The notice shall state the reasons for the proposed termination and shall require the owner to appear at a specified time, not less than 20 days after mailing the notice, to show cause, if any, why the exemption should not be terminated.

(2) If the owner fails to show cause why the exemption should not be terminated, the city shall adopt an ordinance or resolution stating its findings terminating the exemption. A copy of the ordinance or resolution shall be filed with the county assessor and a copy sent to the owner at [his] the owner's last-known address, within 10 days after its adoption.

Section 7. ORS 91.512 is amended to read:

91.512. (1) Before a declaration or an amendment thereto may be recorded, it must be approved as provided in this section by the county assessor, the tax collector of the county in which the property is located and the Real Estate Commissioner. No declaration or amendment thereto shall be approved unless the requirements of subsections (2), (3) and (4) of this section are met.

(2) The county assessor of the county in which the property is located shall approve a declaration or amendment thereto if:

(a) The name complies with of ORS 91.509 (3); and

(b) The plat and floor plans comply with the requirements of ORS 91.515.

(3) The tax collector of the county in which the property is located shall approve the declaration if:

(a) All ad valorem taxes, special assessments, fees, or other charges required by law to be placed upon the tax roll which have become a lien upon the property during the calendar year have been paid; and

(b) Advance payment of ad valorem taxes, special assessments, fees or other charges which are not on the tax roll and for which payment is required under paragraph (a) of this subsection has been made to the tax collector utilizing the procedures contained in ORS 92.095 and 311.370; and [.]

(c) The additional taxes, and any interest attributable thereto, required by sections 2 and 5 of this 1981 Act have been paid.

(4) The Real Estate Commissioner shall approve the declaration or amendment thereto if:

(a) The declaration or the amendment thereto complies with the requirements of ORS 91.509;

(b) The bylaws adopted under ORS 91.531 comply with the requirements of ORS 91.533; and

(c) The plat and floor plans comply with the requirements of ORS 91.515.

Passed by House June 19, 1981

Repassed by House July 31, 1981

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Chief Clerk of House

.....
Speaker of House

Passed by Senate July 30, 1981

.....
President of Senate

Received by Governor:

..... M.,, 1981

Approved:

..... M.,, 1981

.....
Governor

Filed in Office of Secretary of State:

..... M.,, 1981

.....
Secretary of State

~~C-Engrossed~~

House Bill 2788

~~Ordered by the Senate July 28
(Including Amendments by House May 11 and June 16 and by Senate July 28)~~

Sponsored by Representative KATZ

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.

Requires that back taxes be paid if certain property granted a property tax benefit is converted to unit ownership or nonresidential use.

Applies to housing rehabilitated to rent that has been valued for property tax purposes at its value before rehabilitation, rental property that has been converted to commercial or industrial use and to new multiple-unit rental housing that has been granted exemption from property tax.

A BILL FOR AN ACT

2 Relating to property taxation; creating new provisions; and amending ORS 91.512, 307.670 and 308.477.

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21 (B) A number equal to the number of years, not to exceed 10 years, during which the property was granted
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23 (2) If, at the time of presentation or discovery, the property is no longer receiving limited assessment,
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1981 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Executive and the Legislative Fiscal Office

MEASURE NUMBER: HB 2788 C-Engrossed
STATUS: Including Amendments by House May 11 and June 16 and
by Senate July 28
SUBJECT: Property Tax Exemptions
GOVERNMENT UNIT AFFECTED: Counties
BUDGET AND MANAGEMENT ANALYST:
LEGISLATIVE FISCAL ANALYST: Sue Pidcock 7-29-81

EFFECT ON EXPENDITURES:	1981-83	1983-85
Appraisal costs to determine assessed value	\$1,500	\$1,500
Processing of change orders issuance of tax bill and collection costs	\$25,000	\$25,000

EFFECT ON REVENUES: yes

ORGANIZATIONAL IMPACT: none

EFFECT ON POSITIONS: none

COMMENTS:

The above costs assume 30 accounts may be affected, each of which contain 20 living units.

Counties feel the amount of back taxes paid will exceed the administrative costs and revenues could be generated for local government.

C-Engrossed
House Bill 2788

Ordered by the Senate July 28
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30 Section 7. ORS 91.512 is amended to read:

31 91.512. (1) Before a declaration or an amendment thereto may be recorded, it must be approved as
32 provided in this section by the county assessor, the tax collector of the county in which the property is located
33 and the Real Estate Commissioner. No declaration or amendment thereto shall be approved unless the
34 requirements of subsections (2), (3) and (4) of this section are met.

35 (2) The county assessor of the county in which the property is located shall approve a declaration or
36 amendment thereto if:

37 (a) The name complies with of ORS 91.509 (3); and

38 (b) The plat and floor plans comply with the requirements of ORS 91.515.

39 (3) The tax collector of the county in which the property is located shall approve the declaration if:

1 (a) All ad valorem taxes, special assessments, fees, or other charges required by law to be placed upon the
2 tax roll which have become a lien upon the property during the calendar year have been paid; and

3 (b) Advance payment of ad valorem taxes, special assessments, fees or other charges which are not on the
4 tax roll and for which payment is required under paragraph (a) of this subsection has been made to the tax
5 collector utilizing the procedures contained in ORS 92.095 and 311.370; and [.]

6 (c) **The additional taxes, and any interest attributable thereto, required by sections 2 and 5 of this 1981 Act**
7 **have been paid.**

8 (4) The Real Estate Commissioner shall approve the declaration or amendment thereto if:

9 (a) The declaration or the amendment thereto complies with the requirements of ORS 91.509;

10 (b) The bylaws adopted under ORS 91.531 comply with the requirements of ORS 91.533; and

11 (c) The plat and floor plans comply with the requirements of ORS 91.515.

**SENATE AMENDMENTS TO
B-ENGROSSED HOUSE BILL 2788**

By COMMITTEE ON REVENUE

July 28

1 On page 1 of the printed B-engrossed bill, line 10, delete "if it has not already been completed,".

2 In line 13, delete "but subject to subsections (2) and (3) of this section,".

3 Delete lines 16 through 19 and insert:

4 "(A) The difference between the amount of tax levied with respect to the property or portion for the tax
5 year for which the property or portion was last granted limited assessment and an amount equal to the tax that
6 would have been levied if the property or portion had not been granted limited assessment for that year,
7 multiplied by the tax rate of the tax levy in the tax code area in which the property is located for that same year,
8 multiplied by".

9 In line 20, after "years" insert ", not to exceed 10 years,".

10 Delete lines 22 and 23.

11 On page 2, delete lines 1 and 2.

12 In line 3, delete "(3)" and insert "(2)" and delete the second "no".

13 In line 4, after "imposed" delete the rest of the line and insert "as provided in this section, but the number
14 of years that would otherwise be used to compute the additional taxes shall be reduced one year for each year
15 that has elapsed since the year the property was last granted limited assessment.".

16 In line 5, delete "(4)" and insert "(3)".

17 On page 3, line 2, delete "if it has not already been completed,".

18 In line 5, delete "but subject to subsections (2) and (3) of this section,".

19 In line 8, after "portion" insert "had it not been exempt under ORS 307.600 to 307.690" and after the
20 second "the" insert "last" and after "year" delete the rest of the line.

21 In line 9, delete the first "discovery" and insert "that it was so exempt" and delete "of presentation or
22 discovery".

23 In line 10, after "located" insert "for the last year of exemption".

24 In line 11, after the second "years" insert ", not to exceed 10 years,".

25 Delete lines 13 through 16.

26 In line 17, delete "(3)" and insert "(2)" and delete the second "no".

27 In line 18, after "imposed" delete the rest of the line and insert "as provided in this section, but the
28 number of years that would otherwise be used to compute the additional taxes shall be reduced one year for
29 each year that has elapsed since the year the property was last granted exemption.".

30 In line 19, delete "(4)" and insert "(3)".

See p 1

~~B~~-Engrossed

House Bill 2788

Ordered by the Speaker June 16 *Senate July 28*
(Including Amendments by House May 11 and June 16) *and by Senate July 28*
Sponsored by Representative KATZ

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.

Requires that back taxes be paid if certain property granted a property tax benefit is converted to unit ownership or non-residential use. *one word*
Applies to housing rehabilitated to rent that has been valued for property tax purposes at its value before rehabilitation, rental property that has been converted to commercial or industrial use and to new multiple-unit rental housing that has been granted exemption from property tax.

A BILL FOR AN ACT

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Relating to property taxation; creating new provisions; and amending ORS 91.512, 307.670 and 308.477.

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

SECTION 1. Section 2 of this Act is added to and made a part of ORS 308.450 to 308.481.

SECTION 2. (1) If, after a certificate of qualification has been filed with the county assessor under ORS 308.466, a declaration defined in ORS 91.500 (9) with respect to the property is presented to the county assessor or tax collector for approval under ORS 91.512 or if the county assessor discovers that a portion of the rehabilitated rental residential property is changed to a use that is other than residential or housing:

(a) The limited assessment granted to the property or portion under ORS 308.450 to 308.481 shall terminate immediately, ~~if it has not already been completed~~ (without right of notice or appeal);

(b) The property or portion shall be assessed and taxed in the same manner as other property similarly situated is assessed and taxed; and

(c) Notwithstanding ORS 311.220, ~~but subject to subsections (2) and (3) of this section,~~ there shall be added to the general property tax roll for the tax year next following the presentation or discovery, to be collected and distributed in the same manner as other real property tax, an amount equal to:

①	<p>(A) The difference between the amount of tax last levied with respect to the property or portion under limited assessment and an amount equal to the assessed value of the property or portion for the tax year next following the date of presentation or discovery multiplied by the tax rate of the tax levy for the tax year of presentation or discovery in the tax code area in which the property is located, multiplied by</p> <p>(B) A number equal to the number of years during which the property was granted limited assessment under ORS 308.450 to 308.481.</p> <p><i>not to exceed 10 years,</i></p> <p>(2) If the additional tax imposed under subsection (1) of this section is imposed as a result of presentation of a declaration defined in ORS 91.500 (9) to the county assessor, the number of years used to compute the</p>	<p><i>INSERT</i></p> <p>①</p> <p><i>delete</i></p>
---	--	--

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

See 1

~~B~~-Engrossed

House Bill 2788

Ordered by the ~~Speaker June 16~~ *Senate July 28*
(Including Amendments by House May 11 and June 16) *and by Senate July 28*

Sponsored by Representative KATZ

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.

Requires that ~~back taxes~~ be paid if certain property granted a property tax benefit is converted to unit ownership or ~~non-residential~~ use. *one word*

Applies to housing rehabilitated to rent that has been valued for property tax purposes at its value before rehabilitation, rental property that has been converted to commercial or industrial use and to new multiple-unit rental housing that has been granted exemption from property tax.

A BILL FOR AN ACT

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Relating to property taxation; creating new provisions; and amending ORS 91.512, 307.670 and 308.477.

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

SECTION 1. Section 2 of this Act is added to and made a part of ORS 308.450 to 308.481.

SECTION 2. (1) If, after a certificate of qualification has been filed with the county assessor under ORS 308.466, a declaration defined in ORS 91.500 (9) with respect to the property is presented to the county assessor or tax collector for approval under ORS 91.512 or if the county assessor discovers that a portion of the rehabilitated rental residential property is changed to a use that is other than residential or housing:

(a) The limited assessment granted to the property or portion under ORS 308.450 to 308.481 shall terminate immediately, ~~if it has not already been completed~~ without right of notice or appeal;

(b) The property or portion shall be assessed and taxed in the same manner as other property similarly situated is assessed and taxed; and

(c) Notwithstanding ORS 311.220, ~~but subject to subsections (2) and (3) of this section~~ there shall be added to the general property tax roll for the tax year next following the presentation or discovery, to be collected

① (A) The difference between the amount of tax levied with respect to the property or portion for the tax year for which the property or portion was last granted limited assessment and an amount equal to the tax that would have been levied if the property or portion had not been granted limited assessment for that year, multiplied by the tax rate of the tax levy in the tax code area in which the property is located for that same year, multiplied by

INSERT
①

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

~~additional tax shall not exceed five. If the additional tax is imposed as a result of change of use to other than housing or residential, the number of years used to compute the tax shall not exceed 10.~~

INSERT
②

② If, at the time of presentation or discovery, the property is no longer receiving limited assessment, ~~no~~ additional taxes shall be imposed ^② ~~under this section~~ ^{repeal}

③ The assessment and tax rolls shall show "potential additional tax liability" for each property granted limited assessment under ORS 308.340 to 308.481.

Section 3. ORS 308.477 is amended to read:

308.477. (1) Except as provided in section 2 of this 1981 Act, if, after a certificate of qualification has been filed with the county assessor under ORS 308.466, the governing body finds that the rehabilitation improvements were not completed on or before January 1, 1988, or that any provision of ORS 308.450 to 308.481 is not being complied with, or any provision required by the governing body pursuant to ORS 308.450 to 308.481 is not being complied with, it shall give notice in writing to the owner, mailed to the owner's last-known address, of the proposed termination of the limited assessment. The notice shall state the reasons for the proposed termination and shall require the owner to appear at a specified time, not less than 20 days after mailing the notice, to show cause, if any, why the limited assessment should not be terminated.

(2) If the owner does not appear or appears and fails to show cause why the limited assessment should not be terminated, the governing body shall terminate the limited assessment. A copy of the termination shall be filed with the county assessor and a copy sent to the owner at the owner's last-known address, within 10 days after its adoption.

(3) The owner may appeal the termination to the circuit court, and from the decision of the circuit court to the Court of Appeals, as provided by law.

(4) If no appeal is taken as provided in subsection (3) of this section, or upon final adjudication, the county officials having possession of the assessment and tax rolls shall correct the rolls in the manner provided for omitted property under ORS 311.207 to 311.213[,] to provide for the assessment and taxation of any value not included in the valuation of the rehabilitation improvements during the period of limited assessment prior to termination by the governing body or by a court, in accordance with the findings of the governing body or the court as to the assessment year in which the limited assessment is to terminate. The county assessor shall make the valuation of the property necessary to permit correction of the rolls, and the owner may appeal the valuation in the manner provided under ORS 311.207 to 311.213. Where there has been a failure to comply, as provided in subsection (1) of this section, the property shall be revalued beginning January 1 of the calendar year in which the noncompliance first occurred. Any additional taxes becoming due shall be payable without interest if paid in the period prior to the 16th day of the month next following the month of correction. If not paid within such period, the additional taxes shall thereafter be considered delinquent on the date they would normally have become delinquent if timely extended on the roll or rolls in the year or years for which the correction was made.

SECTION 4. Section 5 of this Act is added to and made a part of ORS 307.600 to 307.690.

SECTION 5. (1) If, after application has been approved under ORS 307.600 to 307.690, a declaration defined in ORS 91.500 (9) with respect to the property is presented to the county assessor or tax collector for approval under ORS 91.512 or if the county assessor discovers that the multiple-unit housing or a portion of the multiple-unit housing is changed to a use that is other than residential or housing:

~~additional tax shall not exceed five. If the additional tax is imposed as a result of change of use to other than housing or residential, the number of years used to compute the tax shall not exceed 10.~~

INSERT
②

3 ~~②~~ If, at the time of presentation or discovery, the property is no longer receiving limited assessment, ~~no~~
4 additional taxes shall be imposed ~~under this section~~ ^{② repair}

5 ^② as provided in this section, but the number of years that would otherwise be used to compute the additional taxes shall be reduced one year for each year that has elapsed since the year the property was last granted limited assessment.

10 body finds that the rehabilitation improvements were not completed on or before January 1, 1988, or that any provision of ORS 308.450 to 308.481 is not being complied with, or any provision required by the governing body pursuant to ORS 308.450 to 308.481 is not being complied with, it shall give notice in writing to the owner, mailed to the owner's last-known address, of the proposed termination of the limited assessment. The notice shall state the reasons for the proposed termination and shall require the owner to appear at a specified time, not less than 20 days after mailing the notice, to show cause, if any, why the limited assessment should not be terminated.

16 (2) If the owner does not appear or appears and fails to show cause why the limited assessment should not be terminated, the governing body shall terminate the limited assessment. A copy of the termination shall be filed with the county assessor and a copy sent to the owner at the owner's last-known address, within 10 days after its adoption.

20 (3) The owner may appeal the termination to the circuit court, and from the decision of the circuit court to the Court of Appeals, as provided by law.

22 (4) If no appeal is taken as provided in subsection (3) of this section, or upon final adjudication, the county officials having possession of the assessment and tax rolls shall correct the rolls in the manner provided for omitted property under ORS 311.207 to 311.213[,] to provide for the assessment and taxation of any value not included in the valuation of the rehabilitation improvements during the period of limited assessment prior to termination by the governing body or by a court, in accordance with the findings of the governing body or the court as to the assessment year in which the limited assessment is to terminate. The county assessor shall make the valuation of the property necessary to permit correction of the rolls, and the owner may appeal the valuation in the manner provided under ORS 311.207 to 311.213. Where there has been a failure to comply, as provided in subsection (1) of this section, the property shall be revalued beginning January 1 of the calendar year in which the noncompliance first occurred. Any additional taxes becoming due shall be payable without interest if paid in the period prior to the 16th day of the month next following the month of correction. If not paid within such period, the additional taxes shall thereafter be considered delinquent on the date they would normally have become delinquent if timely extended on the roll or rolls in the year or years for which the correction was made.

36 SECTION 4. Section 5 of this Act is added to and made a part of ORS 307.600 to 307.690.

37 SECTION 5. (1) If, after application has been approved under ORS 307.600 to 307.690, a declaration defined in ORS 91.500 (9) with respect to the property is presented to the county assessor or tax collector for approval under ORS 91.512 or if the county assessor discovers that the multiple-unit housing or a portion of the multiple-unit housing is changed to a use that is other than residential or housing:

INSERT
②

~~additional tax shall not exceed five. If the additional tax is imposed as a result of change of use to other than housing or residential, the number of years used to compute the tax shall not exceed 10.~~

② If, at the time of presentation or discovery, the property is no longer receiving limited assessment, ~~no~~ additional taxes shall be imposed ~~under this section~~

② as provided in this section, but the number of years that would otherwise be used to compute the additional taxes shall be reduced one year for each year that has elapsed since the year the property was last granted limited assessment.

body finds that the rehabilitation improvements were not completed on or before January 1, 1985, or that any provision of ORS 308.450 to 308.481 is not being complied with, or any provision required by the governing body pursuant to ORS 308.450 to 308.481 is not being complied with, it shall give notice in writing to the owner, mailed to the owner's last-known address, of the proposed termination of the limited assessment. The notice shall state the reasons for the proposed termination and shall require the owner to appear at a specified time, not less than 20 days after mailing the notice, to show cause, if any, why the limited assessment should not be terminated.

(2) If the owner does not appear or appears and fails to show cause why the limited assessment should not be terminated, the governing body shall terminate the limited assessment. A copy of the termination shall be filed with the county assessor and after its adoption.

(3) The owner may appeal the the Court of Appeals, as provided b

(4) If no appeal is taken as provided in subsection (3) of this section, or upon final adjudication by the governing body or by a court, in accordance with the findings of the governing body or the court as to the assessment year in which the limited assessment is to terminate. The county assessor shall make the valuation of the property necessary to permit correction of the rolls, and the owner may appeal the valuation in the manner provided under ORS 311.207 to 311.213. Where there has been a failure to comply, as provided in subsection (1) of this section, the property shall be revalued beginning January 1 of the calendar year in which the noncompliance first occurred. Any additional taxes becoming due shall be payable without interest if paid in the period prior to the 16th day of the month next following the month of correction. If not paid within such period, the additional taxes shall thereafter be considered delinquent on the date they would normally have become delinquent if timely extended on the roll or rolls in the year or years for which the correction was made.

SECTION 4. Section 5 of this Act is added to and made a part of ORS 307.600 to 307.690.

SECTION 5. (1) If, after application has been approved under ORS 307.600 to 307.690, a declaration defined in ORS 91.500 (9) with respect to the property is presented to the county assessor or tax collector for approval under ORS 91.512 or if the county assessor discovers that the multiple-unit housing or a portion of the multiple-unit housing is changed to a use that is other than residential or housing:

(a) The exemption granted the multiple-unit housing or portion under ORS 307.600 to 307.690 shall terminate immediately, ~~if it has not already been completed~~ without right of notice or appeal;

(b) The property or portion shall be assessed and taxed as other property similarly situated is assessed and taxed; and

(c) Notwithstanding ORS 311.220, ~~but subject to subsections (2) and (3) of this section~~ there shall be added to the general property tax roll for the tax year next following the presentation or discovery, to be collected and distributed in the same manner as other real property tax, an amount equal to:

(A) The assessed value of the property or portion ~~for the tax year next following the date of presentation or discovery~~ multiplied by the tax rate of the tax levy for the tax year ~~of presentation or discovery~~ in the tax code area in which the property is located, ~~multiplied by~~ ^{for the last year of exemption}

(B) A number of years ^{not to exceed 10 years} equal to the number of years during which the property was exempt from taxation under ORS 307.600 to 307.690.

~~(2) If the additional tax imposed under subsection (1) of this section is imposed as a result of presentation of a declaration defined in ORS 91.500 (9) to the county assessor, the number of years used to compute the additional tax shall not exceed five. If the additional tax is imposed as a result of change of use to other than housing or residential, the number of years used to compute the tax shall not exceed 10.~~

delete
INSERT
③

② If, at the time of presentation or discovery, the property is no longer exempt, ~~no~~ additional taxes shall be imposed ~~under this section~~

③ The assessment and tax rolls shall show "potential additional tax liability" for each property granted exemption under ORS 307.600 to 307.690.

Section 6. ORS 307.670 is amended to read:

307.670. (1) Except as provided in section 5 of this 1981 Act, if, after an application has been approved under ORS 307.600 to 307.690, the city finds that construction of multiple-unit housing was not completed on or before January 1, 1985, or that any provision of ORS 307.600 to 307.690 is not being complied with, or any provision required by the city pursuant to ORS 307.600 to 307.690 is not being complied with, the city shall give notice to the owner, mailed to the owner's last-known address, of the proposed termination of the exemption. The notice shall state the reasons for the proposed termination and shall require the owner to appear at a specified time, not less than 20 days after mailing the notice, to show cause, if any, why the exemption should not be terminated.

(2) If the owner fails to show cause why the exemption should not be terminated, the city shall adopt an ordinance or resolution stating its findings terminating the exemption. A copy of the ordinance or resolution shall be filed with the county assessor and a copy sent to the owner at [his] the owner's last-known address, within 10 days after its adoption.

Section 7. ORS 91.512 is amended to read:

91.512. (1) Before a declaration or an amendment thereto may be recorded, it must be approved as provided in this section by the county assessor, the tax collector of the county in which the property is located and the Real Estate Commissioner. No declaration or amendment thereto shall be approved unless the requirements of subsections (2), (3) and (4) of this section are met.

(2) The county assessor of the county in which the property is located shall approve a declaration amendment thereto if:

~~additional tax shall not exceed five. If the additional tax is imposed as a result of change of use to other than housing or residential, the number of years used to compute the tax shall not exceed 10.~~

^{INSERT} ² If, at the time of presentation or discovery, the property is no longer receiving limited assessment, ~~no~~ additional taxes shall be imposed ^{under this section}

² as provided in this section, but the number of years that would otherwise be used to compute the additional taxes shall be reduced one year for each year that has elapsed since the year the property was last granted limited assessment.

body finds that the rehabilitation improvements were not completed on or before January 1, 1985, or that any provision of ORS 308.450 to 308.481 is not being complied with, or any provision required by the governing body pursuant to ORS 308.450 to 308.481 is not being complied with, it shall give notice in writing to the owner, mailed to the owner's last-known address, of the proposed termination of the limited assessment. The notice shall state the reasons for the proposed termination and shall require the owner to appear at a specified time, not less than 20 days after mailing the notice, to show cause, if any, why the limited assessment should not be terminated.

(2) If the owner does not appear or appears and fails to show cause why the limited assessment should not be terminated, the governing body shall terminate the limited assessment. A copy of the termination shall be filed with the county assessor and a copy sent to the owner at the owner's last-known address, within 10 days after its adoption.

(3) The owner may appeal the termination to the circuit court, and from the decision of the circuit court to the Court of Appeals, as provided by law.

(4) If no appeal is taken as provided in subsection (3) of this section, or upon final adjudication, the county officials having possession of the assessment and tax rolls shall correct the rolls in the manner provided for omitted property under ORS 311.207 to 311.213[,] to provide for the assessment and taxation of any value not included in the valuation of the rehabilitation improvements during the period of limited assessment prior to termination by the governing body or by a court, in accordance with the findings of the governing body or the court as to the assessment year in which the limited assessment is to terminate. The county assessor shall make the valuation of the property necessary to permit correction of the rolls, and the owner may appeal the valuation in the manner provided under ORS 311.207 to 311.213. Where there has been a failure to comply, as provided in subsection (1) of this section, the property shall be revalued beginning January 1 of the calendar year in which the noncompliance first occurred. Any additional taxes becoming due shall be payable without interest if paid in the period prior to the 16th day of the month next following the month of correction. If not paid within such period, the additional taxes shall thereafter be considered delinquent on the date they would normally have become delinquent if timely extended on the roll or rolls in the year or years for which the correction was made.

SECTION 4. Section 5 of this Act is added to and made a part of ORS 307.600 to 307.690.

SECTION 5. (1) If, after application has been approved under ORS 307.600 to 307.690, a declaration defined in ORS 91.500 (9) with respect to the property is presented to the county assessor or tax collector for approval under ORS 91.512 or if the county assessor discovers that the multiple-unit housing or a portion of the multiple-unit housing is changed to a use that is other than residential or housing:

(a) The exemption granted the multiple-unit housing or portion under ORS 307.600 to 307.690 shall terminate immediately, ~~if it has not already been completed~~ without right of notice or appeal;

(b) The property or portion shall be assessed and taxed as other property similarly situated is assessed and taxed; and

(c) Notwithstanding ORS 311.220, ~~but subject to subsections (2) and (3) of this section~~ there shall be added to the general property tax roll for the tax year next following the presentation or discovery, to be collected and distributed in the same manner as other real property tax, an amount equal to:

^{had it not been exempt under ORS 307.600 to 307.690 last}
(A) The assessed value of the property or portion ^{that it was so exempt} for the tax year ~~next following the date of presentation or discovery~~ multiplied by the tax rate of the tax levy for the tax year ~~of presentation or discovery~~ in the tax code area in which the property is located, ^{for the last year of exemption} multiplied by

^{not to exceed 10 years}
(B) A number of years equal to the number of years during which the property was exempt from taxation under ORS 307.600 to 307.690.

~~(2) If the additional tax imposed under subsection (1) of this section is imposed as a result of presentation of a declaration defined in ORS 91.500 (9) to the county assessor, the number of years used to compute the additional tax shall not exceed five. If the additional tax is imposed as a result of change of use to other than housing or residential, the number of years used to compute the tax shall not exceed 10.~~

² ³ ³ If, at the time of presentation or discovery, the property is no longer exempt, ~~no~~ additional taxes shall be imposed ^{as provided in this section}, but the number of years that

would otherwise be used to compute the additional taxes shall be reduced one year for each year that has elapsed since the year the

property was last granted exemption. after an application has been approved under ORS 307.600 to 307.690, the city finds that construction of multiple-unit housing was not completed on or before January 1, 1985, or that any provision of ORS 307.600 to 307.690 is not being complied with, or any provision required by the city pursuant to ORS 307.600 to 307.690 is not being complied with, the city shall give notice to the owner, mailed to the owner's last-known address, of the proposed termination of the exemption. The notice shall state the reasons for the proposed termination and shall require the owner to appear at a specified time, not less than 20 days after mailing the notice, to show cause, if any, why the exemption should not be terminated.

(2) If the owner fails to show cause why the exemption should not be terminated, the city shall adopt an ordinance or resolution stating its findings terminating the exemption. A copy of the ordinance or resolution shall be filed with the county assessor and a copy sent to the owner at ~~his~~ the owner's last-known address, within 10 days after its adoption.

Section 7. ORS 91.512 is amended to read:
91.512. (1) Before a declaration or an amendment thereto may be recorded, it must be approved as provided in this section by the county assessor, the tax collector of the county in which the property is located and the Real Estate Commissioner. No declaration or amendment thereto shall be approved unless the requirements of subsections (2), (3) and (4) of this section are met.

(2) The county assessor of the county in which the property is located shall approve a declaration amendment thereto if:

~~delete~~
³ INSERT

SENATE COMMITTEE REPORT

1

Date 7/24/81

Mr. President:

Your Committee on Revenue to whom was referred B-Engrossed House Bill 2788, having had the same under consideration, respectfully report it back recommending:

 (adoption) passage.

XX (adoption) passage with amendments.

 (adoption) passage with amendments to the engrossed measure.

 that the measure be printed engrossed and rereferred to committee for further consideration.

 that the measure be returned to the President's Desk for rereferral. (Letter of explanation attached.) (SR 9.05(1))

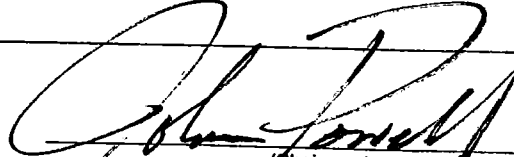
 (adoption) passage with amendments to resolve conflicts. (SR 9.35)

 that be substituted therefor. (SR 9.45)

 Other: _____

NOT CONCURRING (SR 9.15 (2)) Senator(s) _____

 Referred to Committee on Ways and Means by prior reference.



(Chairman)

Submit:
2 copies if no amdts.
7 copies if amdts.

Sen. MONROE
will lead floor discussion.

1 PROPOSED AMENDMENTS TO B-ENGROSSED HOUSE BILL 2788

2 On page 1 of the printed B-engrossed bill, line 10, delete "if
3 it has not already been completed,".

4 In line 13, delete "but subject to subsections (2) and (3) of
5 this section,".

6 Delete lines 16 through 19 and insert:

7 "(A) The difference between the amount of tax levied with
8 respect to the property or portion for the tax year for which the
9 property or portion was last granted limited assessment and an
10 amount equal to the tax that would have been levied if the property
11 or portion had not been granted limited assessment for that year,
12 multiplied by the tax rate of the tax levy in the tax code area in
13 which the property is located for that same year, multiplied by ⁶". X

14 In line 20, after "years" insert ", not to exceed 10 years,".

15 Delete lines 22 and 23.

16 On page 2, delete lines 1 and 2.

17 In line 3, delete "(3)" and insert "(2)" and delete the second
18 "no".

19 In line 4, after "imposed" delete the rest of the line and
20 insert "as provided in this section, but the number of years that
21 would otherwise be used to compute the additional taxes shall be
22 reduced one year for each year that has elapsed since the year the
23 property was last granted limited assessment.".

24 In line 5, delete "(4)" and insert "(3)".

25 On page 3, line 2, delete "if it has not already been
26 completed,".

27 In line 5, delete "but subject to subsections (2) and (3) of
28 this section,".

1 In line 8, after "portion" insert "had it not been exempt under
2 ORS 307.600 to 307.690" and after the second "the" insert "last" and
3 after "year" delete the rest of the line.

4 In line 9, delete the first "discovery" and insert "that it was
5 so exempt" and delete "of presentation or discovery".

6 In line 10, after "located" insert "for the last year of
7 exemption".

8 In line 11, after ^{the second} "years" insert ", not to exceed 10 years,".
9 Delete lines 13 through 16.

10 In line 17, delete "(3)" and insert "(2)" and delete the second
11 "no".

12 In line 18, after "imposed" delete the rest of the line and
13 insert "as provided in this section, but the number of years that
14 would otherwise be used to compute the additional taxes shall be
15 reduced one year for each year that has elapsed since the year the
16 property was last granted exemption."

In line 19, delete "(4)" and insert "(3)".

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OREGON STATE SENATE
61st Legislative Assembly

STAFF MEASURE ANALYSIS

Measure: HB 2788 C
Title: Property Tax Exemptions
Committee: Senate Revenue Co-mittee
Hearing Dates: 7/13; 7/17; 7/21; 7/22

Explanation Prepared By: Jim Scherzinger, Economist
Legislative Revenue Office

Problem addressed.

The existing temporary tax exemptions for rental housing were designed to encourage rental housing in urban areas. If an owner changes the use away from rental housing, the tax benefits should be paid back.

Function and purpose of measure as reported out.

Automatically cancels property tax exemption and requires payment of back taxes when exempt core area multiple-unit housing or partially exempt rehabilitated rental housing is converted into condominiums or into a non-residential use.

Sets amount of back taxes to the tax benefit received in the last year of exemption times the number of years of exemption (up to 10).

Phases out potential back taxes after exemption expires. (The exemptions normally run 10 years). The phase out reduces the potential back taxes one year for each year the use of the property does not change after the exemption expires.

Major issues discussed.

Current law. Examples of projects that receive exemption.

Effect of committee amendments.

Put 10 times pay back on all use changes. (The House-passed bill limited the back taxes to 5 times for condominium conversions).

Phase out back taxes after exemption expires. (The House-passed bill ended all back taxes when the exemption expired.)



STATE OF OREGON
LEGISLATIVE REVENUE OFFICE
140 STATE CAPITOL BUILDING
SALEM, OREGON 97310
378-8867

REVENUE ANALYSIS OF PROPOSED LEGISLATION
1981 REGULAR SESSION

BILL NUMBER	TAX AREA OR SUBJECT	ECONOMIST	DATE
HB 2788 C	Property Tax Exemptions	Scherzinger	7/27/81

Description:

Automatically cancels property tax exemption and requires payment of back taxes when exempt core area multiple-unit housing or partially exempt rehabilitated rental housing is converted into condominiums or into a non-residential use.

Sets amount of back taxes to the tax benefit received in the last year of exemption times the number of years of exemption (up to 10).

Phases out potential back taxes after exemption expires. (The exemptions normally run 10 years). The phase out reduces the potential back taxes one year for each year the use of the property does not change after the exemption expires.

Revenue Impact:

No conversions of these properties have occurred to date. Should one occur, local revenue will increase slightly for the districts in the area (mostly central Portland and Eugene.)

1981 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Executive and the Legislative Fiscal Office

MEASURE NUMBER: HB 2788 A-Engrossed
STATUS: Including Committee Amendments June 10
SUBJECT: Property Tax Exemptions
GOVERNMENT UNIT AFFECTED: Counties
BUDGET AND MANAGEMENT ANALYST:
LEGISLATIVE FISCAL ANALYST: Sue Pidcock 6-17-81

EFFECT ON EXPENDITURES:	1981-83	1983-85
Appraisal costs to determine assessed value	\$1,500	\$1,500
Processing of change orders issuance of tax bill and collection costs	\$25,000	\$25,000

EFFECT ON REVENUES: yes

ORGANIZATIONAL IMPACT: none

EFFECT ON POSITIONS: none

COMMENTS:

The above costs assume 30 accounts may be affected, each of which contain 20 living units.

Counties feel the amount of back taxes paid will exceed the administrative costs and revenues could be generated for local government.

B-Engrossed
House Bill 2788

Ordered by the Speaker June 16
(Including Amendments by House May 11 and June 16)

Sponsored by Representative KATZ

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.

Requires that back taxes be paid if certain property granted a property tax benefit is converted to unit ownership or non-residential use.

Applies to housing rehabilitated to rent that has been valued for property tax purposes at its value before rehabilitation, rental property that has been converted to commercial or industrial use and to new multiple-unit rental housing that has been granted exemption from property tax.

A BILL FOR AN ACT

1
2 Relating to property taxation; creating new provisions; and amending ORS 91.512, 307.670 and 308.477.

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

4 **SECTION 1.** Section 2 of this Act is added to and made a part of ORS 308.450 to 308.481.

5 **SECTION 2.** (1) If, after a certificate of qualification has been filed with the county assessor under ORS
6 308.466, a declaration defined in ORS 91.500 (9) with respect to the property is presented to the county assessor
7 or tax collector for approval under ORS 91.512 or if the county assessor discovers that a portion of the
8 rehabilitated rental residential property is changed to a use that is other than residential or housing:

9 (a) The limited assessment granted to the property or portion under ORS 308.450 to 308.481 shall terminate
10 immediately, if it has not already been completed, without right of notice or appeal;

11 (b) The property or portion shall be assessed and taxed in the same manner as other property similarly
12 situated is assessed and taxed; and

13 (c) Notwithstanding ORS 311.220, but subject to subsections (2) and (3) of this section, there shall be
14 added to the general property tax roll for the tax year next following the presentation or discovery, to be
15 collected and distributed in the same manner as other real property tax, an amount equal to:

16 (A) The difference between the amount of tax last levied with respect to the property or portion under
17 limited assessment and an amount equal to the assessed value of the property or portion for the tax year next
18 following the date of presentation or discovery multiplied by the tax rate of the tax levy for the tax year of
19 presentation or discovery in the tax code area in which the property is located, multiplied by

20 (B) A number equal to the number of years during which the property was granted limited assessment
21 under ORS 308.450 to 308.481.

22 (2) If the additional tax imposed under subsection (1) of this section is imposed as a result of presentation
23 of a declaration defined in ORS 91.500 (9) to the county assessor, the number of years used to compute the

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

1 additional tax shall not exceed five. If the additional tax is imposed as a result of change of use to other than
2 housing or residential, the number of years used to compute the tax shall not exceed 10.

3 (3) If, at the time of presentation or discovery, the property is no longer receiving limited assessment, no
4 additional taxes shall be imposed under this section.

5 (4) The assessment and tax rolls shall show "potential additional tax liability" for each property granted
6 limited assessment under ORS 308.340 to 308.481.

7 Section 3. ORS 308.477 is amended to read:

8 308.477. (1) Except as provided in section 2 of this 1981 Act, if, after a certificate of qualification has been
9 filed with the county assessor under ORS 308.466, the governing body finds that the rehabilitation
10 improvements were not completed on or before January 1, 1988, or that any provision of ORS 308.450 to
11 308.481 is not being complied with, or any provision required by the governing body pursuant to ORS 308.450
12 to 308.481 is not being complied with, it shall give notice in writing to the owner, mailed to the owner's
13 last-known address, of the proposed termination of the limited assessment. The notice shall state the reasons
14 for the proposed termination and shall require the owner to appear at a specified time, not less than 20 days
15 after mailing the notice, to show cause, if any, why the limited assessment should not be terminated.

16 (2) If the owner does not appear or appears and fails to show cause why the limited assessment should not
17 be terminated, the governing body shall terminate the limited assessment. A copy of the termination shall be
18 filed with the county assessor and a copy sent to the owner at the owner's last-known address, within 10 days
19 after its adoption.

20 (3) The owner may appeal the termination to the circuit court, and from the decision of the circuit court to
21 the Court of Appeals, as provided by law.

22 (4) If no appeal is taken as provided in subsection (3) of this section, or upon final adjudication, the county
23 officials having possession of the assessment and tax rolls shall correct the rolls in the manner provided for
24 omitted property under ORS 311.207 to 311.213[,] to provide for the assessment and taxation of any value not
25 included in the valuation of the rehabilitation improvements during the period of limited assessment prior to
26 termination by the governing body or by a court, in accordance with the findings of the governing body or the
27 court as to the assessment year in which the limited assessment is to terminate. The county assessor shall make
28 the valuation of the property necessary to permit correction of the rolls, and the owner may appeal the
29 valuation in the manner provided under ORS 311.207 to 311.213. Where there has been a failure to comply, as
30 provided in subsection (1) of this section, the property shall be revalued beginning January 1 of the calendar
31 year in which the noncompliance first occurred. Any additional taxes becoming due shall be payable without
32 interest if paid in the period prior to the 16th day of the month next following the month of correction. If not
33 paid within such period, the additional taxes shall thereafter be considered delinquent on the date they would
34 normally have become delinquent if timely extended on the roll or rolls in the year or years for which the
35 correction was made.

36 **SECTION 4.** Section 5 of this Act is added to and made a part of ORS 307.600 to 307.690.

37 **SECTION 5.** (1) If, after application has been approved under ORS 307.600 to 307.690, a declaration
38 defined in ORS 91.500 (9) with respect to the property is presented to the county assessor or tax collector for
39 approval under ORS 91.512 or if the county assessor discovers that the multiple-unit housing or a portion of the
40 multiple-unit housing is changed to a use that is other than residential or housing:

1 (a) The exemption granted the multiple-unit housing or portion under ORS 307.600 to 307.690 shall
2 terminate immediately, if it has not already been completed, without right of notice or appeal;

3 (b) The property or portion shall be assessed and taxed as other property similarly situated is assessed and
4 taxed; and

5 (c) Notwithstanding ORS 311.220, but subject to subsections (2) and (3) of this section, there shall be
6 added to the general property tax roll for the tax year next following the presentation or discovery, to be
7 collected and distributed in the same manner as other real property tax, an amount equal to:

8 (A) The assessed value of the property or portion for the tax year next following the date of presentation or
9 discovery multiplied by the tax rate of the tax levy for the tax year of presentation or discovery in the tax code
10 area in which the property is located, multiplied by

11 (B) A number of years equal to the number of years during which the property was exempt from taxation
12 under ORS 307.600 to 307.690.

13 (2) If the additional tax imposed under subsection (1) of this section is imposed as a result of presentation
14 of a declaration defined in ORS 91.500 (9) to the county assessor, the number of years used to compute the
15 additional tax shall not exceed five. If the additional tax is imposed as a result of change of use to other than
16 housing or residential, the number of years used to compute the tax shall not exceed 10.

17 (3) If, at the time of presentation or discovery, the property is no longer exempt, no additional taxes shall
18 be imposed under this section.

19 (4) The assessment and tax rolls shall show "potential additional tax liability" for each property granted
20 exemption under ORS 307.600 to 307.690.

21 Section 6. ORS 307.670 is amended to read:

22 307.670. (1) Except as provided in section 5 of this 1981 Act, if, after an application has been approved under
23 ORS 307.600 to 307.690, the city finds that construction of multiple-unit housing was not completed on or
24 before January 1, 1985, or that any provision of ORS 307.600 to 307.690 is not being complied with, or any
25 provision required by the city pursuant to ORS 307.600 to 307.690 is not being complied with, the city shall give
26 notice to the owner, mailed to the owner's last-known address, of the proposed termination of the exemption.
27 The notice shall state the reasons for the proposed termination and shall require the owner to appear at a
28 specified time, not less than 20 days after mailing the notice, to show cause, if any, why the exemption should
29 not be terminated.

30 (2) If the owner fails to show cause why the exemption should not be terminated, the city shall adopt an
31 ordinance or resolution stating its findings terminating the exemption. A copy of the ordinance or resolution
32 shall be filed with the county assessor and a copy sent to the owner at [his] the owner's last-known address,
33 within 10 days after its adoption.

34 Section 7. ORS 91.512 is amended to read:

35 91.512. (1) Before a declaration or an amendment thereto may be recorded, it must be approved as
36 provided in this section by the county assessor, the tax collector of the county in which the property is located
37 and the Real Estate Commissioner. No declaration or amendment thereto shall be approved unless the
38 requirements of subsections (2), (3) and (4) of this section are met.

39 (2) The county assessor of the county in which the property is located shall approve a declaration
40 amendment thereto if:

**HOUSE AMENDMENTS TO
A-ENGROSSED HOUSE BILL 2788**

By COMMITTEE ON REVENUE

June 16

1 On page 1 of the printed A-engrossed bill, line 7, after "91.512" insert "or if the county assessor discovers
2 that a portion of the rehabilitated rental residential property is changed to a use that is other than residential or
3 housing".

4 In line 8, after "property" insert "or portion".

5 In line 9, after the comma insert "if it has not already been completed,".

6 In line 10, after the first "property" insert "or portion".

7 In line 12, after the first comma insert "but subject to subsections (2) and (3) of this section," and delete
8 "next" and after "roll" insert "for the tax year next following the presentation or discovery".

9 In line 14, after "property" insert "or portion".

10 In line 15, delete "new" and after "property" insert "or portion for the tax year next following the date of
11 presentation or discovery".

12 In line 16, delete "most recent" and after "levy" insert "for the tax year of presentation or discovery".

13 In line 17, delete ", not to exceed five years,".

14 Delete lines 19 through 23 and insert:

15 "(2) If the additional tax imposed under subsection (1) of this section is imposed as a result of presentation
16 of a declaration defined in ORS 91.500 (9) to the county assessor, the number of years used to compute the
17 additional tax shall not exceed five. If the additional tax is imposed as a result of change of use to other than
18 housing or residential, the number of years used to compute the tax shall not exceed 10.

19 "(3) If, at the time of presentation or discovery, the property is no longer receiving limited assessment, no
20 additional taxes shall be imposed under this section.

21 "(4) The assessment and tax rolls shall show 'potential additional tax liability' for each property granted
22 limited assessment under ORS 308.340 to 308.481.".

23 On page 2, line 32, after "91.512" insert "or if the county assessor discovers that the multiple-unit housing
24 or a portion of the multiple-unit housing is changed to a use that is other than residential or housing".

25 In line 33, after "housing" insert "or portion".

26 In line 34, after "immediately" insert ", if it has not already been completed,".

27 In line 35, after the first "property" insert "or portion".

28 In line 36, after the first comma insert "but subject to subsections (2) and (3) of this section," and delete
29 "next" and after "roll" insert "for the tax year next following the presentation or discovery".

30 In line 38, delete "new" and after "property" insert "or portion for the tax year next following the date of
31 presentation or discovery" and delete "most recent" and after "levy" insert "for the tax year of presentation
32 or discovery".

1 On page 3, line 1, delete “, not to exceed five years,”.

2 Delete lines 3 through 7 and insert:

3 “(2) If the additional tax imposed under subsection (1) of this section is imposed as a result of presentation
4 of a declaration defined in ORS 91.500 (9) to the county assessor, the number of years used to compute the
5 additional tax shall not exceed five. If the additional tax is imposed as a result of change of use to other than
6 housing or residential, the number of years used to compute the tax shall not exceed 10.

7 “(3) If, at the time of presentation or discovery, the property is no longer exempt, no additional taxes shall
8 be imposed under this section.

9 “(4) The assessment and tax rolls shall show ‘potential additional tax liability’ for each property granted
10 exemption under ORS 307.600 to 307.690.”.

1

B
A-Engrossed

House Bill 2788

Ordered by the Speaker ~~May 11~~ June 16
(Including Amendments by House May 11) and June 16
Sponsored by Representative KATZ

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.

Requires that back taxes be paid if certain property granted a property tax benefit is converted to unit ownership.

Applies to housing rehabilitated to rent that has been valued for property tax purposes at its value before rehabilitation, rental property that has been converted to commercial or industrial use and to new multiple-unit rental housing that has been granted exemption from property tax.

A BILL FOR AN ACT

Relating to property taxation; creating new provisions; and amending ORS 91.512, 307.670 and 308.477.

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

SECTION 1. Section 2 of this Act is added to and made a part of ORS 308.450 to 308.481.

SECTION 2. (1) If, after a certificate of qualification has been filed with the county assessor under ORS 308.466, a declaration defined in ORS 91.500 (9) with respect to the property is presented to the county assessor or tax collector for approval under ORS 91.512 ^①

Insert
①

(a) The limited assessment granted to the property ^{or portion} under ORS 308.450 to 308.481 shall terminate immediately ^{if it has not already been completed,} without right of notice or appeal;

(b) The property ^{or portion} shall be assessed and taxed in the same manner as other property similarly situated is assessed and taxed; and

(c) Notwithstanding ORS 311.220, ^{but subject to subsections (2) and (3) of this section,} there shall be added to the ~~next~~ general property tax roll to be collected and distributed in the same manner as other real property tax, an amount equal to ^{for the tax year next following the presentation or discovery} ~~the presentation or discovery~~

(A) The difference between the amount of tax last levied with respect to the property ^{or portion for the tax year next following the date of presentation or discovery} under limited assessment and an amount equal to the ~~new~~ assessed value of the property ^{for the tax year of presentation or discovery} multiplied by the tax rate of the ~~most recent~~ tax levy in the tax code area in which the property is located, multiplied by

(B) A number equal to the number of years ~~not to exceed five years,~~ during which the property was granted limited assessment under ORS 308.450 to 308.481.

Insert
②

~~(2) If, after a certificate of qualification has been filed with the county assessor under ORS 308.466, the county assessor discovers that a portion of the rehabilitated rental residential property is changed to a use that is other than residential or housing, then paragraphs (a) to (c) of subsection (1) of this section shall apply to the portion, except that the phrase "not to exceed 10 years" shall be substituted for the phrase "not to exceed five years" in subparagraph (B) of paragraph (c) of subsection (1) of this section.~~

Delete

Section 3. ORS 308.477 is amended to read:

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

1

B
A-Engrossed

House Bill 2788

Ordered by the Speaker ~~May 11~~ June 16
(Including Amendments by House May 11) and June 16
Sponsored by Representative KATZ

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.

Requires that back taxes be paid if certain property granted a property tax benefit is converted to unit ownership.

Applies to housing rehabilitated to rent that has been valued for property tax purposes at its value before rehabilitation, rental property that has been converted to commercial or industrial use and to new multiple-unit rental housing that has been granted exemption from property tax.

A BILL FOR AN ACT

1

2 Relating to property taxation; creating new provisions; and amending ORS 91.512, 307.670 and 308.477.

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

4 **SECTION 1.** Section 2 of this Act is added to and made a part of ORS 308.450 to 308.481.

5 **SECTION 2.** (1) If, after a certificate of qualification has been filed with the county assessor under ORS
6 308.466, a declaration defined in ORS 91.500 (9) with respect to the property is presented to the county assessor
7 or tax collector for approval under ORS 91.512 (1)

8 (a) The limited or if the county assessor discovers that a portion
of the rehabilitated rental residential property is changed to a use
that is other than residential or housing

Insert

~~SECTION 3. If the assessor determines that the property is not residential or housing, the assessor shall~~
(2) If the additional tax imposed under subsection (1) of this
section is imposed as a result of presentation of a declaration
defined in ORS 91.500 (9) to the county assessor, the number of
years used to compute the additional tax shall not exceed five. If
the additional tax is imposed as a result of change of use to other
than housing or residential, the number of years used to compute the
tax shall not exceed 10.

(3) If, at the time of presentation or discovery, the property
is no longer receiving limited assessment, no additional taxes shall
be imposed under this section.

(4) The assessment and tax rolls shall show "potential
additional tax liability" for each property granted limited
assessment under ORS 308.340 to 308.481.

delete

1 (B) A number of years equal to the number of years ~~not to exceed five years~~ during which the property
2 was exempt from taxation under ORS 307.600 to 307.690.

Insert
④

3 ~~(2) If, after application has been approved under ORS 307.600 to 307.690, the county assessor discovers~~

④ (2) If the additional tax imposed under subsection (1) of this
section is imposed as a result of presentation of a declaration
defined in ORS 91.500 (9) to the county assessor, the number of
years used to compute the additional tax shall not exceed five. If
the additional tax is imposed as a result of change of use to other
1 than housing or residential, the number of years used to compute the
1 tax shall not exceed 10.

④ (3) If, at the time of presentation or discovery, the property
is no longer exempt, no additional taxes shall be imposed under this
section.

④ (4) The assessment and tax rolls shall show "potential
additional tax liability" for each property granted exemption under
ORS 307.600 to 307.690.

22 91.512. (1) Before a declaration or an amendment thereto may be received, it must
23 provided in this section by the county assessor, the tax collector of the county in which the property is located
24 and the Real Estate Commissioner. No declaration or amendment thereto shall be approved unless the
25 requirements of subsections (2), (3) and (4) of this section are met.

26 (2) The county assessor of the county in which the property is located shall approve a declaration or
27 amendment thereto if:

(a) The name complies with of ORS 91.509 (3); and

the requirements of ORS 91.515.

approve the declaration if:

quired by law to be placed upon the
have been paid; and

32 tax roll

33 (b) Advance payment of ad valorem tax and other charges which are not on the
34 tax roll and for which payment is required under paragraph (a) or this subsection has been made to the tax
35 collector utilizing the procedures contained in ORS 92.095 and 311.370; and [.]

36 (c) The additional taxes, and any interest attributable thereto, required by sections 2 and 5 of this 1981 Act
37 have been paid.

38 (4) The Real Estate Commissioner shall approve the declaration or amendment thereto if:

39 (a) The declaration or the amendment thereto complies with the requirements of ORS 91.509;

40 (b) The bylaws adopted under ORS 91.531 comply with the requirements of ORS 91.533; and

1 308.477. (1) Except as provided in section 2 of this 1981 Act, if, after a certificate of qualification has been
 2 filed with the county assessor under ORS 308.466, the governing body finds that the rehabilitation
 3 improvements were not completed on or before January 1, 1988, or that any provision of ORS 308.450 to
 4 308.481 is not being complied with, or any provision required by the governing body pursuant to ORS 308.450
 5 to 308.481 is not being complied with, it shall give notice in writing to the owner, mailed to the owner's
 6 last-known address, of the proposed termination of the limited assessment. The notice shall state the reasons
 7 for the proposed termination and shall require the owner to appear at a specified time, not less than 20 days
 8 after mailing the notice, to show cause, if any, why the limited assessment should not be terminated.

9 (2) If the owner does not appear or appears and fails to show cause why the limited assessment should not
 10 be terminated, the governing body shall terminate the limited assessment. A copy of the termination shall be
 11 filed with the county assessor and a copy sent to the owner at the owner's last-known address, within 10 days
 12 after its adoption.

13 (3) The owner may appeal the termination to the circuit court, and from the decision of the circuit court to
 14 the Court of Appeals, as provided by law.

15 (4) If no appeal is taken as provided in subsection (3) of this section, or upon final adjudication, the county
 16 officials having possession of the assessment and tax rolls shall correct the rolls in the manner provided for
 17 omitted property under ORS 311.207 to 311.213[,] to provide for the assessment and taxation of any value not
 18 included in the valuation of the rehabilitation improvements during the period of limited assessment prior to
 19 termination by the governing body or by a court, in accordance with the findings of the governing body or the
 20 court as to the assessment year in which the limited assessment is to terminate. The county assessor shall make
 21 the valuation of the property necessary to permit correction of the rolls, and the owner may appeal the
 22 valuation in the manner provided under ORS 311.207 to 311.213. Where there has been a failure to comply, as
 23 provided in subsection (1) of this section, the property shall be revalued beginning January 1 of the calendar
 24 year in which the noncompliance first occurred. Any additional taxes becoming due shall be payable without
 25 interest if paid in the period prior to the 16th day of the month next following the month of correction. If not
 26 paid within such period, the additional taxes shall thereafter be considered delinquent on the date they would
 27 normally have become delinquent if timely extended on the roll or rolls in the year or years for which the
 28 correction was made.

29 SECTION 4. Section 5 of this Act is added to and made a part of ORS 307.600 to 307.690.

30 SECTION 5. (1) If, after application has been approved under ORS 307.600 to 307.690, a declaration
 31 defined in ORS 91.500 (9) with respect to the property is presented to the county assessor or tax collector for
 32 approval under ORS 91.512. ⁽³⁾

33 (a) The exemption granted the multiple-unit housing ^{or portion} under ORS 307.600 to 307.690 shall terminate
 34 immediately ^{if it has not already been completed,} without right of notice or appeal;

35 (b) The property ^{or portion} shall be assessed and taxed as other property similarly situated is assessed and taxed; and
 36 but subject to subsections (2) and (3) of this section;

37 (c) Notwithstanding ORS 311.220, there shall be added to the ~~next~~ ^{for the tax year next following} general property tax roll to be collected
 38 and distributed in the same manner as other real property tax, an amount equal to: ^{the presentation or discovery}

39 (A) The ~~new~~ ^{or portion for the tax year next following the date of presentation or discovery} assessed value of the property multiplied by the tax rate of the ~~most recent~~ ^{for the tax year of presentation or discovery} tax levy in the tax
 code area in which the property is located, multiplied by

1 (B) A number of years equal to the number of years, ~~not to exceed five years,~~ during which the property
 2 was exempt from taxation under ORS 307.600 to 307.690.

3 ~~(2) If, after application has been approved under ORS 307.600 to 307.690, the county assessor discovers~~ ^{Insert 4}

4 (2) If the additional tax imposed under subsection (1) of this
 5 section is imposed as a result of presentation of a declaration
 6 defined in ORS 91.500 (9) to the county assessor, the number of
 7 years used to compute the additional tax shall not exceed five. If
 8 the additional tax is imposed as a result of change of use to other
 9 than housing or residential, the number of years used to compute the
 10 tax shall not exceed 10.

11 (3) If, at the time of presentation or discovery, the property
 12 is no longer exempt, no additional taxes shall be imposed under this
 13 section.

14 (4) The assessment and tax rolls shall show ^{potential} additional tax liability ^{for each property granted exemption under}
 15 ORS 307.600 to 307.690.

16 91.512. (1) Before a declaration or an amendment thereto may be recorded, it must be
 17 provided in this section by the county assessor, the tax collector of the county in which the property is located
 18 and the Real Estate Commissioner. No declaration or amendment thereto shall be approved unless the
 19 requirements of subsections (2), (3) and (4) of this section are met.

20 (2) The county assessor of the county in which the property is located shall approve a declaration or
 21 amendment thereto if:

22 (a) The name complies with of ORS 91.509 (3); and
 23 the requirements of ORS 91.515.

24 (b) The county assessor shall approve the declaration if:
 25 required by law to be placed upon the
 26 tax rolls and the amount of the tax has been paid; and

27 (b) Advance payment of ad valorem taxes and other charges which are not on the
 28 tax roll and for which payment is required under paragraph (a) or this subsection has been made to the tax
 29 collector utilizing the procedures contained in ORS 92.095 and 311.370; and [.]

30 (c) The additional taxes, and any interest attributable thereto, required by sections 2 and 5 of this 1981 Act
 31 have been paid.

32 (4) The Real Estate Commissioner shall approve the declaration or amendment thereto if:

33 (a) The declaration or the amendment thereto complies with the requirements of ORS 91.509;

34 (b) The bylaws adopted under ORS 91.531 comply with the requirements of ORS 91.533; and

1 308.477. (1) Except as provided in section 2 of this 1981 Act, if, after a certificate of qualification has been
 2 filed with the county assessor under ORS 308.466, the governing body finds that the rehabilitation
 3 improvements were not completed on or before January 1, 1988, or that any provision of ORS 308.450 to
 4 308.481 is not being comp
 5 to 308.481 is not being c
 6 last-known address, of the
 7 for the proposed terminati
 8 after mailing the notice, to
 9 (2) If the owner does i
 10 be terminated, the govern
 11 filed with the county asses
 12 after its adoption.
 13 (3) The owner may ap
 14 the Court of Appeals, as pr
 15 (4) If no appeal is take
 16 officials having possessor
 17 omitted property under OR
 18 included in the valuation
 19 termination by the governi
 20 court as to the assessment
 21 the valuation of the prop
 22 valuation in the manner provided under ORS 311.207 to 311.215. Where there has been a failure to comply, as
 23 provided in subsection (1) of this section, the property shall be revalued beginning January 1 of the calendar
 24 year in which the noncompliance first occurred. Any additional taxes becoming due shall be payable without
 25 interest if paid in the period prior to the 16th day of the month next following the date of the assessment
 26 paid within such period, the additional taxes shall thereafter be considered ³ or if the county

assessor discovers that the multiple-unit housing or a portion of
 the multiple-unit housing is changed to a use that is other than
 residential or housing

32 approval under ORS 91.512. ³
 33 (a) The exemption granted the multiple-unit housing/under ORS 307.600 to 307.690 shall terminate
 34 immediately without right of notice or appeal; ^{if it has not already been completed,}
 35 (b) The property shall be assessed and taxed as other property similarly situated is assessed and taxed; and ^{or portion}
 36 (c) Notwithstanding ORS 311.220, there shall be added to the next general property tax roll to be collected ^{for the tax year next following}
 37 and distributed in the same manner as other real property tax, an amount equal to: ^{the presentation or discovery}
 38 (A) The new assessed value of the property multiplied by the tax rate of the most recent tax levy in the tax ^{or portion for the tax year next following the date of presentation or discovery}
 39 code area in which the property is located, multiplied by

for the tax year of
 presentation or
 discovery

1 (B) A number of years equal to the number of years, ~~not to exceed five years,~~ during which the property
 2 was exempt from taxation under ORS 307.600 to 307.690.
 3 ~~(2) If, after application has been approved under ORS 307.600 to 307.690, the county assessor discovers~~
 4 ~~that the multiple-unit housing, or a portion of the multiple-unit housing, is changed to a use that is other than~~
 5 ~~residential or housing, then paragraphs (a) to (c) of subsection (1) of this section shall apply to the property or~~
 6 ~~portion, except that the phrase "not to exceed 10 years" shall be substituted for the phrase "not to exceed five~~
 7 ~~years" in subparagraph (B) of paragraph (c) of subsection (1) of this section.~~

Insert
 4
 Delete

8 Section 6. ORS 307.670 is amended to read:
 9 307.670. (1) Except as provided in section 5 of this 1981 Act, if, after an application has been approved under
 10 ORS 307.600 to 307.690, the city finds that construction of multiple-unit housing was not completed on or
 11 before January 1, 1985, or that any provision of ORS 307.600 to 307.690 is not being complied with, or any
 12 provision required by the city pursuant to ORS 307.600 to 307.690 is not being complied with, the city shall give
 13 notice to the owner, mailed to the owner's last-known address, of the proposed termination of the exemption.
 14 The notice shall state the reasons for the proposed termination and shall require the owner to appear at a
 15 specified time, not less than 20 days after mailing the notice, to show cause, if any, why the exemption should
 16 not be terminated.
 17 (2) If the owner fails to show cause why the exemption should not be terminated, the city shall adopt an
 18 ordinance or resolution stating its findings terminating the exemption. A copy of the ordinance or resolution
 19 shall be filed with the county assessor and a copy sent to the owner at [his] the owner's last-known address,
 20 within 10 days after its adoption.

21 Section 7. ORS 91.512 is amended to read:
 22 91.512. (1) Before a declaration or an amendment thereto may be recorded, it must be approved as
 23 provided in this section by the county assessor, the tax collector of the county in which the property is located
 24 and the Real Estate Commissioner. No declaration or amendment thereto shall be approved unless the
 25 requirements of subsections (2), (3) and (4) of this section are met.
 26 (2) The county assessor of the county in which the property is located shall approve a declaration or
 27 amendment thereto if:
 28 (a) The name complies with of ORS 91.509 (3); and
 29 (b) The plat and floor plans comply with the requirements of ORS 91.515.
 30 (3) The tax collector of the county in which the property is located shall approve the declaration if:
 31 (a) All ad valorem taxes, special assessments, fees, or other charges required by law to be placed upon the
 32 tax roll which have become a lien upon the property during the calendar year have been paid; and
 33 (b) Advance payment of ad valorem taxes, special assessments, fees or other charges which are not on the
 34 tax roll and for which payment is required under paragraph (a) of this subsection has been made to the tax
 35 collector utilizing the procedures contained in ORS 92.095 and 311.370; and [.]
 36 (c) The additional taxes, and any interest attributable thereto, required by sections 2 and 5 of this 1981 Act
 37 have been paid.
 38 (4) The Real Estate Commissioner shall approve the declaration or amendment thereto if:
 39 (a) The declaration or the amendment thereto complies with the requirements of ORS 91.509;
 40 (b) The bylaws adopted under ORS 91.531 comply with the requirements of ORS 91.533; and

1 308.477. (1) Except as provided in section 2 of this 1981 Act, if, after a certificate of qualification has been
 2 filed with the county assessor under ORS 308.466, the governing body finds that the rehabilitation
 3 improvements were not completed on or before January 1, 1988, or that any provision of ORS 308.450 to
 4 308.481 is not being complied with, or any provision required by the governing body pursuant to ORS 308.450
 5 to 308.481 is not being complied with, it shall give notice in writing to the owner, mailed to the owner's
 6 last-known address, of the proposed termination of the limited assessment. The notice shall state the reasons
 7 for the proposed termination and shall require the owner to appear at a specified time, not less than 20 days
 8 after mailing the notice, to show cause, if any, why the limited assessment should not be terminated.

9 (2) If the owner does not appear or appears and fails to show cause why the limited assessment should not
 10 be terminated, the governing body shall terminate the limited assessment. A copy of the termination shall be
 11 filed with the county assessor and a copy sent to the owner at the owner's last-known address, within 10 days
 12 after its adoption.

13 (3) The owner may appeal the termination to the circuit court, and from the decision of the circuit court to
 14 the Court of Appeals, as provided by law.

15 (4) If no appeal is taken as provided in subsection (3) of this section, or upon final adjudication, the county
 16 officials having possession of the assessment and tax rolls shall correct the rolls in the manner provided for
 17 omitted property under ORS 311.207 to 311.213[,] to provide for the assessment and taxation of any value not
 18 included in the valuation of the rehabilitation improvements during the period of limited assessment prior to
 19 termination by the governing body or by a court, in accordance with the findings of the governing body or the
 20 court as to the assessment year in which the limited assessment is to terminate. The county assessor shall make
 21 the valuation of the property necessary to permit correction of the rolls, and the owner may appeal the
 22 valuation in the manner provided under ORS 311.207 to 311.213. Where there has been a failure to comply, as
 23 provided in subsection (1) of this section, the property shall be revalued beginning January 1 of the calendar
 24 year in which the noncompliance first occurred. Any additional taxes becoming due shall be payable without
 25 interest if paid in the period prior to the 16th day of the month next following the month of assessment. If
 26 paid within such period, the additional taxes shall thereafter be considered ^{3/4} paid.

assessor discovers that the multiple-unit housing or a portion of
 the multiple-unit housing is changed to a use that is other than
 residential or housing

approval under ORS 91.512. ⁽³⁾

33 (a) The exemption granted the multiple-unit housing/under ORS 307.600 to 307.690 shall terminate
 34 immediately without right of notice or appeal; ^{or portion} ^{if it has not already been completed,}

35 (b) The property shall be assessed and taxed as other property similarly situated is assessed and taxed; and
 36 (c) Notwithstanding ORS 311.220, there shall be added to the next general property tax roll to be collected

and distributed in the same manner as other real property tax, an amount equal to: ^{for the tax year next following}
 37 ^{the presentation or discovery}
 38 (A) The new assessed value of the property multiplied by the tax rate of the most recent tax levy in the tax

39 code area in which the property is located, multiplied by ^{for the tax year of}
^{presentation or}
^{discovery}

1 (B) A number of years equal to the number of years, ~~not to exceed five years,~~ during which the property
 2 was exempt from taxation under ORS 307.600 to 307.690.

~~3 If after application has been approved under ORS 307.600 to 307.690, the county assessor discovers~~

4 (2) If the additional tax imposed under subsection (1) of this ^{Insert}
 section is imposed as a result of presentation of a declaration
 defined in ORS 91.500 (9) to the county assessor, the number of
 years used to compute the additional tax shall not exceed five. If
 the additional tax is imposed as a result of change of use to other
 than housing or residential, the number of years used to compute the
 tax shall not exceed 10.

5 (3) If, at the time of presentation or discovery, the property
 is no longer exempt, no additional taxes shall be imposed under this
 section.

6 (4) The assessment and tax rolls shall show "potential
 additional tax liability" for each property granted exemption under
 ORS 307.600 to 307.690.

7 91.512. (1) Before a declaration or an amendment thereto may be recorded,
 8 provided in this section by the county assessor, the tax collector of the county in which the property is located
 9 and the Real Estate Commissioner. No declaration or amendment thereto shall be approved unless the
 10 requirements of subsections (2), (3) and (4) of this section are met.

11 (2) The county assessor of the county in which the property is located shall approve a declaration or
 12 amendment thereto if:

- 13 (a) The name complies with of ORS 91.509 (3); and
- 14 (b) The plat and floor plans comply with the requirements of ORS 91.515.

15 (3) The tax collector of the county in which the property is located shall approve the declaration if:

- 16 (a) All ad valorem taxes, special assessments, fees, or other charges required by law to be placed upon the
 17 tax roll which have become a lien upon the property during the calendar year have been paid; and
- 18 (b) Advance payment of ad valorem taxes, special assessments, fees or other charges which are not on the
 19 tax roll and for which payment is required under paragraph (a) of this subsection has been made to the tax
 20 collector utilizing the procedures contained in ORS 92.095 and 311.370; and [.]

21 (c) The additional taxes, and any interest attributable thereto, required by sections 2 and 5 of this 1981 Act
 22 have been paid.

23 (4) The Real Estate Commissioner shall approve the declaration or amendment thereto if:

- 24 (a) The declaration or the amendment thereto complies with the requirements of ORS 91.509;
- 25 (b) The bylaws adopted under ORS 91.531 comply with the requirements of ORS 91.533; and

1 (c) The plat and floor plans comply with the requirements of ORS 91.515.

HOUSE COMMITTEE REPORT

Salem, Oregon June 10, 19 81

1

Mr. Speaker:

Your Committee on REVENUE to whom was referred HB 2788A having had the same under consideration, respectfully reports it back with the recommendation that it:

passed 6/16/81

- Do pass. Do pass with _____ House amendments (✓) and be printed engrossed.
- Be adopted. Be adopted with _____ House amendments () and be printed engrossed.
- Be referred to: () Ways and Means by prior reference.
- () _____.

FOR INFORMATION ONLY-NOT PART OF COMMITTEE REPORT

Voting no: SCHOON

Voting aye: CAMPBELL, PRIESTLEY, ROBERTS, TRAHERN, BURROWS, GRANNELL

Excused: FAWBUSH, THROOP

Submit: 2 copies if no amendments
 7 copies if amendments
 7 copies if to be printed engrossed

Retain: 1 copy for committee file

Bill Grannell Chairman
 Rep. *Katz* will lead floor discussion of this measure.

1 PROPOSED AMENDMENTS TO A-ENGROSSED HOUSE BILL 2788

2 On page 1 of the printed A-engrossed bill, line 7, after
3 "91.512" insert "or if the county assessor discovers that a portion
4 of the rehabilitated rental residential property is changed to a use
5 that is other than residential or housing".

6 In line 8, after "property" insert "or portion".

7 In line 9, after the comma insert "if it has not already been
8 completed,".

9 In line 10, after the first "property" insert "or portion".

10 In line 12, after the first comma insert "but subject to
11 subsections (2) and (3) of this section," and delete "next" and
12 after "roll" insert "for the tax year next following the
13 presentation or discovery".

14 In line 14, after "property" insert "or portion".

15 In line 15, delete "new" and after "property" insert "or portion
16 for the tax year next following the date of presentation or
17 discovery".

18 In line 16, delete "most recent" and after "levy" insert "for
19 the tax year of presentation or discovery".

20 In line 17, delete ", not to exceed five years,".

21 Delete lines 19 through 23 and insert:

22 "(2) If the additional tax imposed under subsection (1) of this
23 section is imposed as a result of presentation of a declaration
24 defined in ORS 91.500 (9) to the county assessor, the number of
25 years used to compute the additional tax shall not exceed five. If
26 the additional tax is imposed as a result of change of use to other
27 than housing or residential, the number of years used to compute the
28 tax shall not exceed 10.

1 "(3) If, at the time of presentation or discovery, the property
2 is no longer receiving limited assessment, no additional taxes shall
3 be imposed under this section.

4 "(4) The assessment and tax rolls shall show 'potential
5 additional tax liability' for each property granted limited
6 assessment under ORS 308.340 to 308.481."

7 On page 2, line 32, after "91.512" insert "or if the county
8 assessor discovers that the multiple-unit housing or a portion of
9 the multiple-unit housing is changed to a use that is other than
10 residential or housing".

11 In line 33, after "housing" insert "or portion".

12 In line 34, after "immediately" insert ", if it has not already
13 been completed,".

14 In line 35, after the first "property" insert "or portion".

15 In line 36, after the first comma insert "but subject to
16 subsections (2) and (3) of this section," and delete "next" and
17 after "roll" insert "for the tax year next following the
18 presentation or discovery".

19 In line 38, delete "new" and after "property" insert "or portion
20 for the tax year next following the date of presentation or
21 discovery" and delete "most recent" and after "levy" insert "for the
22 tax year of presentation or discovery".

23 On page 3, line 1, delete ", not to exceed five years,".

24 Delete lines 3 through 7 and insert:

25 "(2) If the additional tax imposed under subsection (1) of this
26 section is imposed as a result of presentation of a declaration
27 defined in ORS 91.500 (9) to the county assessor, the number of
28 years used to compute the additional tax shall not exceed five. If

1 the additional tax is imposed as a result of change of use to other
2 than housing or residential, the number of years used to compute the
3 tax shall not exceed 10.

4 "(3) If, at the time of presentation or discovery, the property
5 is no longer exempt, no additional taxes shall be imposed under this
6 section.

7 "(4) The assessment and tax rolls shall show 'potential
8 additional tax liability' for each property granted exemption under
9 ORS 307.600 to 307.690."

HOUSE OF REPRESENTATIVES

61st Legislative Assembly

STAFF MEASURE ANALYSIS

Measure: HB 2788 A

Committee: House Revenue Committee

Hearing Dates: 6/2; 6/10

Explanation Prepared by: James R. Scherzinger, Economist
Legislative Revenue Office

Function of Measure:

Automatically cancels property tax exemption and requires payment of back taxes when exempt core area multiple-unit housing or partially exempt rehabilitated rental housing is converted into condominiums or into a non-residential use.

Sets amount of back taxes to the tax benefit received in the last year of exemption times the number of years of exemption (up to 5 years for units that remain in residential use and up to 10 years for others.)

Ends back tax potential after exemption expires.

Problems Addressed:

These tax exemptions were designed to encourage rental housing in urban areas. If an owner changes the use of property, the tax benefits should be paid back.

Committee Amendments:

Require notation on tax roll that additional taxes could be levied on this exempt property.

End back tax potential after exemption expires.

Committee Vote:

Ayes: Campbell, Priestley, Roberts, Trahern, Burrows, Grannell.

No: Schoon

Excused: Fawbush, Throop

Floor Leader: Katz

JRS/ml



STATE OF OREGON
LEGISLATIVE REVENUE OFFICE

140 STATE CAPITOL BUILDING
SALEM, OREGON 97310

378-8867

REVENUE ANALYSIS OF PROPOSED LEGISLATION
1981 REGULAR SESSION

BILL NUMBER	TAX AREA OR SUBJECT	ECONOMIST	DATE
HB 2788 A	Property Tax Exemptions	Scherzinger	6/12/81

Description:

Automatically cancels property tax exemption and requires payment of back taxes when exempt core area multiple-unit housing or partially exempt rehabilitated rental housing is converted into condominiums or into a non-residential use.

Sets amount of back taxes to the tax benefit received in the last year of exemption times the number of years of exemption (up to 5 years for units that remain in residential use and up to 10 years for others).

Ends back tax potential after exemption expires.

Revenue Impact:

No conversions of these properties have occurred to date. Should one occur, local revenue will increase slightly for the districts in the area (mostly central Portland and Eugene.)

Ordered by the ~~the~~ Speaker May 11
(Including Amendments by House May 11)

①

OREGON LEGISLATIVE ASSEMBLY--1981 Regular Session

A-Engrossed
House Bill 2788

Sponsored by Representative KATZ

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.

Requires that back taxes be paid if certain property granted a property tax benefit is converted to unit ownership.

Applies to housing rehabilitated to rent that has been valued for property tax purposes at its value before rehabilitation and to new multiple-unit rental housing that has been granted exemption from property tax.

A BILL FOR AN ACT

Relating to property taxation; creating new provisions; and amending ORS 91.512, 307.670 and 308.477.

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

SECTION 1. Section 2 of this Act is added to and made a part of ORS 308.450 to 308.481.

SECTION 2. ⁽¹⁾ If, after a certificate of qualification has been filed with the county assessor under ORS 308.466, ~~notice under ORS 91.524 that the rehabilitated rental residential property is being converted to~~ condominium is given, or if a declaration defined in ORS 91.500 (9) with respect to the property is presented to the county assessor or tax collector for approval under ORS 91.512:

^(a) The limited assessment granted to the property under ORS 308.450 to 308.481 shall terminate immediately, without right of notice or appeal;

^(b) The property shall be assessed and taxed in the same manner as other property similarly situated is assessed and taxed; and

^(c) Notwithstanding ORS 311.220, there shall be added to the next general property tax roll, to be collected and distributed in the same manner as other real property tax, an amount equal to:

⁽¹⁾ The difference between the amount of tax last levied with respect to the property under limited assessment and an amount equal to the new assessed value of the property multiplied by the tax rate of the most recent tax levy in the tax code area in which the property is located, multiplied by

⁽²⁾ A number equal to the number of years, not to exceed ^{five} 10 years, during which the ^{property} land was granted limited assessment under ORS 308.450 to 308.481.

Section 3. ORS 308.477 is amended to read:

308.477. (1) Except as provided in section 2 of this 1981 Act, if, after a certificate of qualification has been filed with the county assessor under ORS 308.466, the governing body finds that the rehabilitation improvements were not completed on or before January 1, 1988, or that any provision of ORS 308.450 to 308.481 is not being complied with, or any provision required by the governing body pursuant to ORS 308.450 to 308.481 is not being complied with, it shall give notice in writing to the owner, mailed to the owner's last-known address of the proposed termination of the limited assessment. The notice shall state the reasons for the proposed termination and shall require the owner to appear at a specified time, not less than 20 days after mailing the notice, to show cause, if any, why the limited assessment should not be terminated.

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

Insert
①

Ordered by the ~~the~~ Speaker May 11
(Including Amendments by House May 11)

OREGON LEGISLATIVE ASSEMBLY--1981 Regular Session

A-Engrossed
House Bill 2788

Sponsored by Representative KATZ

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SECTION 2. ⁽¹⁾ If, after a certificate of qualification has been filed with the county assessor under ORS 308.466, ~~notice under ORS 91.524 that the rehabilitated rental residential property is being converted to~~ condominium is given, or if a declaration defined in ORS 91.500 (9) with respect to the property is presented to the county assessor or tax collector for approval under ORS 91.512:

^(a) The limited assessment granted to the property under ORS 308.450 to 308.481 shall terminate immediately, without right of notice or appeal;

⁽²⁾ The property shall be assessed and taxed in the same manner as other property similarly situated is assessed and taxed; and

⁽³⁾ Notwithstanding ORS 311.220, there shall be added to the next general property tax roll, to be collected and distributed in the same manner as other real property tax, an amount equal to:

^(a) The difference between the amount of tax last levied with respect to the property under limited assessment and an amount equal to the new assessed value of the property multiplied by the tax rate of the most recent tax levy in the tax code area in which the property is located, multiplied by

^(b) A number equal to the number of years, not to exceed ^{five} 10 years, during which the ^{property} land was granted limited assessment under ORS 308.450 to 308.481.

^(c) Section 3. ORS 308.477 is amended to read:

⁽¹⁾ (2) If, after a certificate of qualification has been filed with the county assessor under ORS 308.466, the county assessor discovers that a portion of the rehabilitated rental residential property is changed to a use that is other than residential or housing, then paragraphs (a) to (c) of subsection (1) of this section shall apply to the portion, except that the phrase "not to exceed 10 years" shall be substituted for the phrase "not to exceed five years" in subparagraph (B) of paragraph (c) of subsection (1) of this section.

Insert
①

(2) If the owner does not appear or appears and fails to show cause why the limited assessment should not be terminated, the governing body shall terminate the limited assessment. A copy of the termination shall be filed with the county assessor and a copy sent to the owner at the owner's last-known address, within 10 days after its adoption.

(3) The owner may appeal the termination to the circuit court, and from the decision of the circuit court to the Court of Appeals, as provided by law.

(4) If no appeal is taken as provided in subsection (3) of this section, or upon final adjudication, the county officials having possession of the assessment and tax rolls shall correct the rolls in the manner provided for omitted property under ORS 311.207 to 311.213; to provide for the assessment and taxation of any value not included in the valuation of the rehabilitation improvements during the period of limited assessment prior to termination by the governing body or by a court, in accordance with the findings of the governing body or the court as to the assessment year in which the limited assessment is to terminate. The county assessor shall make the valuation of the property necessary to permit correction of the rolls, and the owner may appeal the valuation in the manner provided under ORS 311.207 to 311.213. Where there has been a failure to comply, as provided in subsection (1) of this section, the property shall be revalued beginning January 1 of the calendar year in which the noncompliance first occurred. Any additional taxes becoming due shall be payable without interest if paid in the period prior to the 16th day of the month next following the month of correction. If not paid within such period, the additional taxes shall thereafter be considered delinquent on the date they would normally have become delinquent if timely extended on the roll or rolls in the year or years for which the correction was made.

SECTION 4. Section 5 of this Act is added to and made a part of ORS 307.600 to 307.690.

SECTION 5. If, after application has been approved under ORS 307.600 to 307.690, ~~notice under ORS 91.524 that the multiple-unit housing is being converted to condominium is given, or if~~ a declaration defined in ORS 91.500 (9) with respect to the property is presented to the county assessor or tax collector for approval under ORS 91.512:

(1) The exemption granted the multiple-unit housing under ORS 307.600 to 307.690 shall terminate immediately without right of notice or appeal;

(2) The property shall be assessed and taxed as other property similarly situated is assessed and taxed; and

(3) Notwithstanding ORS 311.220, there shall be added to the next general property tax roll, to be collected and distributed in the same manner as other real property tax, an amount equal to:

(a) The new assessed value of the property multiplied by the tax rate of the most recent tax levy in the tax code area in which the property is located, multiplied by

(b) A number of years equal to the number of years, not to exceed ^{five} ~~ten~~ years, during which the property was exempt from taxation under ORS 307.600 to 307.690.

Section 6. ORS 307.670 is amended to read:

307.670. (1) Except as provided in section 5 of this 1981 Act, if, after an application has been approved under ORS 307.600 to 307.690, the city finds that construction of multiple-unit housing was not completed on or before January 1, 1985, or that any provision of ORS 307.600 to 307.690 is not being complied with, or any provision required by the city pursuant to ORS 307.600 to 307.690 is not being complied with, the city shall give notice to the owner, mailed to the owner's last-known address, of the proposed termination of the exemption. The notice shall state the reasons for the proposed termination and shall require the owner to appear at a

specified time, not less than 20 days after mailing the notice, to show cause, if any, why the exemption should not be terminated.

(2) If the owner fails to show cause why the exemption should not be terminated, the city shall adopt an ordinance or resolution stating its findings terminating the exemption. A copy of the ordinance or resolution shall be filed with the county assessor and a copy sent to the owner at [his] the owner's last-known address, within 10 days after its adoption.

Section 7. ORS 91.512 is amended to read:

91.512. (1) Before a declaration or an amendment thereto may be recorded, it must be approved as provided in this section by the county assessor, the tax collector of the county in which the property is located and the Real Estate Commissioner. No declaration or amendment thereto shall be approved unless the requirements of subsections (2), (3) and (4) of this section are met.

(2) The county assessor of the county in which the property is located shall approve a declaration or amendment thereto if:

(a) The name complies with of ORS 91.509 (3); and

(b) The plat and floor plans comply with the requirements of ORS 91.515.

(3) The tax collector of the county in which the property is located shall approve the declaration if:

(a) All ad valorem taxes, special assessments, fees, or other charges required by law to be placed upon the tax roll which have become a lien upon the property during the calendar year have been paid; and

(b) Advance payment of ad valorem taxes, special assessments, fees or other charges which are not on the tax roll and for which payment is required under paragraph (a) of this subsection has been made to the tax collector utilizing the procedures contained in ORS 92.095 and 311.370; and [.]

(c) The additional taxes, and any interest attributable thereto, required by sections 2 and 5 of this 1981 Act have been paid.

(4) The Real Estate Commissioner shall approve the declaration or amendment thereto if:

(a) The declaration or the amendment thereto complies with the requirements of ORS 91.509;

(b) The bylaws adopted under ORS 91.531 comply with the requirements of ORS 91.533; and

(c) The plat and floor plans comply with the requirements of ORS 91.515.

Insert
2

(2) If the owner does not appear or appears and fails to show cause why the limited assessment should not be terminated, the governing body shall terminate the limited assessment. A copy of the termination shall be filed with the county assessor and a copy sent to the owner at the owner's last-known address, within 10 days after its adoption.

(3) The owner may appeal the termination to the circuit court, and from the decision of the circuit court to the Court of Appeals, as provided by law.

(4) If no appeal is taken as provided in subsection (3) of this section, or upon final adjudication, the county officials having possession of the assessment and tax rolls shall correct the rolls in the manner provided for omitted property under ORS 311.207 to 311.213; to provide for the assessment and taxation of any value not included in the valuation of the rehabilitation improvements during the period of limited assessment prior to termination by the governing body or by a court, in accordance with the findings of the governing body or the court as to the assessment year in which the limited assessment is to terminate. The county assessor shall make the valuation of the property necessary to permit correction of the rolls, and the owner may appeal the valuation in the manner provided under ORS 311.207 to 311.213. Where there has been a failure to comply, as provided in subsection (1) of this section, the property shall be revalued beginning January 1 of the calendar year in which the noncompliance first occurred. Any additional taxes becoming due shall be payable without interest if paid in the period prior to the 16th day of the month next following the month of correction. If not paid within such period, the additional taxes shall thereafter be considered delinquent on the date they would normally have become delinquent if timely extended on the roll or rolls in the year or years for which the correction was made.

SECTION 4. Section 5 of this Act is added to and made a part of ORS 307.600 to 307.690.

SECTION 5. If, after application has been approved under ORS 307.600 to 307.690, ~~notice under ORS 91.524 that the multiple-unit housing is being converted to condominium is given, or if~~ a declaration defined in ORS 91.500 (9) with respect to the property is presented to the county assessor or tax collector for approval under ORS 91.512:

(1) The exemption granted the multiple-unit housing under ORS 307.600 to 307.690 shall terminate immediately without right of notice or appeal;

(2) The property shall be assessed and taxed as other property similarly situated is assessed and taxed; and

(3) Notwithstanding ORS 311.220, there shall be added to the next general property tax roll, to be collected and distributed in the same manner as other real property tax, an amount equal to:

(a) The new assessed value of the property multiplied by the tax rate of the most recent tax levy in the tax code area in which the property is located, multiplied by

(b) A number of years equal to the number of years, not to exceed ^{five} ~~ten~~ years, during which the property was exempt from taxation under ORS 307.600 to 307.690.

ORS 307.670 is amended to read:

(2) If, after application has been approved under ORS 307.600 to 307.690, the county assessor discovers that the multiple-unit housing, or a portion of the multiple-unit housing, is changed to a

specified time, not less than 20 days after mailing the notice, to show cause, if any, why the exemption should not be terminated.

(2) If the owner fails to show cause why the exemption should not be terminated, the city shall adopt an ordinance or resolution stating its findings terminating the exemption. A copy of the ordinance or resolution shall be filed with the county assessor and a copy sent to the owner at [his] the owner's last-known address, within 10 days after its adoption.

Section 7. ORS 91.512 is amended to read:

91.512. (1) Before a declaration or an amendment thereto may be recorded, it must be approved as provided in this section by the county assessor, the tax collector of the county in which the property is located and the Real Estate Commissioner. No declaration or amendment thereto shall be approved unless the requirements of subsections (2), (3) and (4) of this section are met.

(2) The county assessor of the county in which the property is located shall approve a declaration or amendment thereto if:

(a) The name complies with of ORS 91.509 (3); and

(b) The plat and floor plans comply with the requirements of ORS 91.515.

(3) The tax collector of the county in which the property is located shall approve the declaration if:

(a) All ad valorem taxes, special assessments, fees, or other charges required by law to be placed upon the tax roll which have become a lien upon the property during the calendar year have been paid; and

(b) Advance payment of ad valorem taxes, special assessments, fees or other charges which are not on the tax roll and for which payment is required under paragraph (a) of this subsection has been made to the tax collector utilizing the procedures contained in ORS 92.095 and 311.370; and [.]

(c) The additional taxes, and any interest attributable thereto, required by sections 2 and 5 of this 1981 Act have been paid.

(4) The Real Estate Commissioner shall approve the declaration or amendment thereto if:

(a) The declaration or the amendment thereto complies with the requirements of ORS 91.509;

(b) The bylaws adopted under ORS 91.531 comply with the requirements of ORS 91.533; and

(c) The plat and floor plans comply with the requirements of ORS 91.515.

Insert
2

HOUSE COMMITTEE REPORT

Salem, Oregon May 7, 19 81

Mr. Speaker:

Your Committee on Housing & Urban Development to whom was referred H.B. 2788 having had the same under consideration, respectfully reports it back with the recommendation that it:

- Do pass. Do pass with _____ House amendments (and be printed engrossed.
- Be adopted. Be adopted with _____ House amendments () and be printed engrossed.
- Be referred to: () Ways and Means by prior reference.

X Revenue by prior reference

FOR INFORMATION ONLY-NOT PART OF COMMITTEE REPORT

Voting no: _____

Voting aye: Rep. Gold; Otto; Van Leeuwen; Zajonc; Champinon Cohen

Excused: Rep. Courtney; Johnson

Submit: 2 copies if no amendments
 7 copies if amendments
 7 copies if to be printed engrossed

Retain: 1 copy for committee file

J. Cohen Chairman
 Rep. _____ will lead floor discussion on this measure.

1 PROPOSED AMENDMENTS TO HOUSE BILL 2788

2 On page 1 of the printed bill, line 5, after ~~"Z"~~^{the period} insert "(1)".

3 In line 6, after the comma delete the rest of the line.

4 In line 7, delete "condominium is given, or if".

5 In line 9, delete "(1)" and insert "(a)".

6 In line 11, delete "(2)" and insert "(b)".

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

8 *In line 14, after "tax" insert a comma.*
In line 15, delete "(a)" and insert "(A)".

9 In line 18, delete "(b)" and insert "(B)" and delete "10" and
10 insert "five" and delete "land" and insert "property".

11 After line 19, insert:

12 "(2) If, after a certificate of qualification has been filed
13 with the county assessor under ORS 308.466, the county assessor
14 discovers that a portion of the rehabilitated rental residential
15 property is changed to a use that is other than residential or
16 housing, then paragraphs (a) to (c) of subsection (1) of this
17 section shall apply to the portion, except that the phrase 'not to
18 exceed 10 years' shall be substituted for the phrase 'not to exceed
19 five years' in subparagraph (B) of paragraph (c) of subsection (1)
20 of this section."

21 *In line 20, after "address" insert a comma.*
In line 21, after "5." insert the period
On page 2, line 22, after ~~"5."~~^{the period} insert "(1)" and after the second
22 comma delete the rest of the line.

23 In line 23, delete "91.524 that the multiple-unit housing is
24 being converted to condominium is given, or if".

25 In line 26, delete "(1)" and insert "(a)".

26 In line 28, delete "(2)" and insert "(b)".

27 In line 29, delete "(3)" and insert "(c)".

28 *In line 30, after "tax" insert a comma.*
In line 31, delete "(a)" and insert "(A)".

An page 2, line 9, delete the comma.

1 In line 33, delete "(b)" and insert "(B)" and delete "ten" and
2 insert "five".

3 After line 34, insert:

4 "(2) If, after application has been approved under ORS 307.600
5 to 307.690, the county assessor discovers that the multiple-unit
6 housing, or a portion of the multiple-unit housing, is changed to a
7 use that is other than residential or housing, then paragraphs (a)
8 to (c) of subsection (1) of this section shall apply to the property
9 or portion, except that the phrase 'not to exceed 10 years' shall be
10 substituted for the phrase 'not to exceed five years' in
11 subparagraph (B) of paragraph (c) of subsection (1) of this
12 section."

HOUSE OF REPRESENTATIVES

60th Legislative Assembly

STAFF MEASURE ANALYSIS

Measure: H.B. 2788

Committee: House Housing and Urban Development Committee

Hearing Dates: Public Hearing: 4-8-81; Work Session: 5-5-81

Explanation Prepared by: Phillip Fell, Committee Administrator

Function of Measure: Currently, it is the policy of the State of Oregon to encourage an increase in the state's housing stock. Among the tools used to encourage this policy are limited tax assessments for rehabilitated residential property and multifamily housing in a core area.

Under current law, there is no penalty provision for converting rental residential property into either condominium usage or commercial or industrial property even if an owner has taken advantage of either the rehabilitation or multifamily limited assessments.

H.B. 2788, as introduced, provided that an owner who had used either of these limited assessments and then converted rental units to condominiums, must pay a penalty equal to the difference between the limited assessment and the new assessed value of the property multiplied by the most recent tax rate, multiplied by the number of years during which the property was under limited assessment, up to 10 years. Furthermore, until this penalty was paid, no condominium declaration could be recorded.

The committee made several changes in the bill. As introduced, there were two points in time at which the limited assessments would be terminated and the penalty assessed. The members felt that this was inappropriate and deleted the reference to giving notice of conversion as a trigger point. Because the intent of this bill is to encourage owners to retain the property in the housing stock, conversion of rental property to commercial or industrial use was also added to the scope of the bill. The tax penalty was modified so that rental property converted to condominiums was subject to a maximum penalty of a five year penalty, while the penalty for converting to a non-housing use was subjected to a 10 year penalty. The committee also considered including conversions of residential property under historical assessment in the bill, but decided not to do so.

The committee vote in favor of passage was 5 - 0. Voting "aye" were Representatives: Gold; Johnson; VanLeeuwen; Zajonc; Chairperson Cohen.

House Bill 2788

Sponsored by Representative KATZ

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.

Requires that back taxes be paid if certain property granted a property tax benefit is converted to unit ownership.

Applies to housing rehabilitated to rent that has been valued for property tax purposes at its value before rehabilitation and to new multiple-unit rental housing that has been granted exemption from property tax.

A BILL FOR AN ACT

1
2 Relating to property taxation; creating new provisions; and amending ORS 91.512, 307.670 and 308.477.

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

4 **SECTION 1.** Section 2 of this Act is added to and made a part of ORS 308.450 to 308.481.

5 **SECTION 2.** If, after a certificate of qualification has been filed with the county assessor under ORS
6 308.466, notice under ORS 91.524 that the rehabilitated rental residential property is being converted to
7 condominium is given, or if a declaration defined in ORS 91.500 (9) with respect to the property is presented to
8 the county assessor or tax collector for approval under ORS 91.512:

9 (1) The limited assessment granted to the property under ORS 308.450 to 308.481 shall terminate
10 immediately, without right of notice or appeal;

11 (2) The property shall be assessed and taxed in the same manner as other property similarly situated is
12 assessed and taxed; and

13 (3) Notwithstanding ORS 311.220, there shall be added to the next general property tax roll, to be collected
14 and distributed in the same manner as other real property tax an amount equal to:

15 (a) The difference between the amount of tax last levied with respect to the property under limited
16 assessment and an amount equal to the new assessed value of the property multiplied by the tax rate of the
17 most recent tax levy in the tax code area in which the property is located, multiplied by

18 (b) A number equal to the number of years, not to exceed 10 years, during which the land was granted
19 limited assessment under ORS 308.450 to 308.481.

20 Section 3. ORS 308.477 is amended to read:

21 **308.477. (1) Except as provided in section 2 of this 1981 Act, if, after a certificate of qualification has been**
22 **filed with the county assessor under ORS 308.466, the governing body finds that the rehabilitation**
23 **improvements were not completed on or before January 1, 1988, or that any provision of ORS 308.450 to**
24 **308.481 is not being complied with, or any provision required by the governing body pursuant to ORS 308.450**
25 **to 308.481 is not being complied with, it shall give notice in writing to the owner, mailed to the owner's**
26 **last-known address of the proposed termination of the limited assessment. The notice shall state the reasons for**
27 **the proposed termination and shall require the owner to appear at a specified time, not less than 20 days after**
28 **mailing the notice, to show cause, if any, why the limited assessment should not be terminated.**

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

(2) If the owner does not appear or appears and fails to show cause why the limited assessment should not be terminated, the governing body shall terminate the limited assessment. A copy of the termination shall be filed with the county assessor and a copy sent to the owner at the owner's last-known address, within 10 days after its adoption.

(3) The owner may appeal the termination to the circuit court, and from the decision of the circuit court to the Court of Appeals, as provided by law.

(4) If no appeal is taken as provided in subsection (3) of this section, or upon final adjudication, the county officials having possession of the assessment and tax rolls shall correct the rolls in the manner provided for omitted property under ORS 311.207 to 311.213, to provide for the assessment and taxation of any value not included in the valuation of the rehabilitation improvements during the period of limited assessment prior to termination by the governing body or by a court, in accordance with the findings of the governing body or the court as to the assessment year in which the limited assessment is to terminate. The county assessor shall make the valuation of the property necessary to permit correction of the rolls, and the owner may appeal the valuation in the manner provided under ORS 311.207 to 311.213. Where there has been a failure to comply, as provided in subsection (1) of this section, the property shall be revalued beginning January 1 of the calendar year in which the noncompliance first occurred. Any additional taxes becoming due shall be payable without interest if paid in the period prior to the 16th day of the month next following the month of correction. If not paid within such period, the additional taxes shall thereafter be considered delinquent on the date they would normally have become delinquent if timely extended on the roll or rolls in the year or years for which the correction was made.

SECTION 4. Section 5 of this Act is added to and made a part of ORS 307.600 to 307.690.

SECTION 5. If, after application has been approved under ORS 307.600 to 307.690, notice under ORS 91.524 that the multiple-unit housing is being converted to condominium is given, or if a declaration defined in ORS 91.500 (9) with respect to the property is presented to the county assessor or tax collector for approval under ORS 91.512:

(1) The exemption granted the multiple-unit housing under ORS 307.600 to 307.690 shall terminate immediately without right of notice or appeal;

(2) The property shall be assessed and taxed as other property similarly situated is assessed and taxed; and

(3) Notwithstanding ORS 311.220, there shall be added to the next general property tax roll, to be collected and distributed in the same manner as other real property tax an amount equal to:

(a) The new assessed value of the property multiplied by the tax rate of the most recent tax levy in the tax code area in which the property is located, multiplied by

(b) A number of years equal to the number of years, not to exceed ten years, during which the property was exempt from taxation under ORS 307.600 to 307.690.

Section 6. ORS 307.670 is amended to read:

307.670. (1) Except as provided in section 5 of this 1981 Act, if, after an application has been approved under ORS 307.600 to 307.690, the city finds that construction of multiple-unit housing was not completed on or before January 1, 1985, or that any provision of ORS 307.600 to 307.690 is not being complied with, or any provision required by the city pursuant to ORS 307.600 to 307.690 is not being complied with, the city shall give notice to the owner, mailed to the owner's last-known address, of the proposed termination of the exemption. The notice shall state the reasons for the proposed termination and shall require the owner to appear at a

specified time, not less than 20 days after mailing the notice, to show cause, if any, why the exemption should not be terminated.

(2) If the owner fails to show cause why the exemption should not be terminated, the city shall adopt an ordinance or resolution stating its findings terminating the exemption. A copy of the ordinance or resolution shall be filed with the county assessor and a copy sent to the owner at [his] the owner's last-known address, within 10 days after its adoption.

Section 7. ORS 91.512 is amended to read:

91.512. (1) Before a declaration or an amendment thereto may be recorded, it must be approved as provided in this section by the county assessor, the tax collector of the county in which the property is located and the Real Estate Commissioner. No declaration or amendment thereto shall be approved unless the requirements of subsections (2), (3) and (4) of this section are met.

(2) The county assessor of the county in which the property is located shall approve a declaration or amendment thereto if:

(a) The name complies with of ORS 91.509 (3); and

(b) The plat and floor plans comply with the requirements of ORS 91.515.

(3) The tax collector of the county in which the property is located shall approve the declaration if:

(a) All ad valorem taxes, special assessments, fees, or other charges required by law to be placed upon the tax roll which have become a lien upon the property during the calendar year have been paid; and

(b) Advance payment of ad valorem taxes, special assessments, fees or other charges which are not on the tax roll and for which payment is required under paragraph (a) of this subsection has been made to the tax collector utilizing the procedures contained in ORS 92.095 and 311.370; and [.]

(c) The additional taxes, and any interest attributable thereto, required by sections 2 and 5 of this 1981 Act have been paid.

(4) The Real Estate Commissioner shall approve the declaration or amendment thereto if:

(a) The declaration or the amendment thereto complies with the requirements of ORS 91.509;

(b) The bylaws adopted under ORS 91.531 comply with the requirements of ORS 91.533; and

(c) The plat and floor plans comply with the requirements of ORS 91.515.

①

MEASURE SUMMARY

1

2 If certain property granted a property tax benefit is converted
3 to unit ownership, requires that back taxes be paid.

4 Applies to the following:

5 (1) Housing rehabilitated to rent that has been valued for
6 property tax purposes at its value before rehabilitation; and

7 (2) New multiple-unit rental housing that has been granted
8 exemption from property tax.

A BILL FOR AN ACT

1
2 Relating to property taxation; creating new provisions; and amending
3 ORS 91.512, 307.670 and 308.477.

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

5 SECTION 1. Section 2 of this Act is added to and made a part of
6 ORS 308.450 to 308.481.

7 SECTION 2. If, after a certificate of qualification has been
8 filed with the county assessor under ORS 308.466, notice under ORS
9 91.524 that the rehabilitated rental residential property is being
10 converted to condominium is given, or if a declaration defined in
11 ORS 91.500 (9) with respect to the property is presented to the
12 county assessor or tax collector for approval under ORS 91.512:

13 (1) The limited assessment granted to the property under ORS
14 308.450 to 308.481 shall terminate immediately, without right of
15 notice or appeal;

16 (2) The property shall be assessed and taxed in the same manner
17 as other property similarly situated is assessed and taxed; and

18 (3) Notwithstanding ORS 311.220, there shall be added to the
19 next general property tax roll, to be collected and distributed in
20 the same manner as other real property tax an amount equal to:

21 (a) The difference between the amount of tax last levied with
22 respect to the property under limited assessment and an amount equal
23 to the new assessed value of the property multiplied by the tax rate
24 of the most recent tax levy in the tax code area in which the
25 property is located, multiplied by

26 (b) A number equal to the number of years, not to exceed 10
27 years, during which the land was granted limited assessment under
28 ORS 308.450 to 308.481.

1 Section 3. ORS 308.477 is amended to read:

2 308.477. (1) Except as provided in section 2 of this 1981 Act,
3 if, after a certificate of qualification has been filed with the
4 county assessor under ORS 308.466, the governing body finds that the
5 rehabilitation improvements were not completed on or before January
6 1, 1988, or that any provision of ORS 308.450 to 308.481 is not
7 being complied with, or any provision required by the governing body
8 pursuant to ORS 308.450 to 308.481 is not being complied with, it
9 shall give notice in writing to the owner, mailed to the owner's
10 last-known address of the proposed termination of the limited
11 assessment. The notice shall state the reasons for the proposed
12 termination and shall require the owner to appear at a specified
13 time, not less than 20 days after mailing the notice, to show cause,
14 if any, why the limited assessment should not be terminated.

15 (2) If the owner does not appear or appears and fails to show
16 cause why the limited assessment should not be terminated, the
17 governing body shall terminate the limited assessment. A copy of
18 the termination shall be filed with the county assessor and a copy
19 sent to the owner at the owner's last-known address, within 10 days
20 after its adoption.

21 (3) The owner may appeal the termination to the circuit court,
22 and from the decision of the circuit court to the Court of Appeals,
23 as provided by law.

24 (4) If no appeal is taken as provided in subsection (3) of this
25 section, or upon final adjudication, the county officials having
26 possession of the assessment and tax rolls shall correct the rolls
27 in the manner provided for omitted property under ORS 311.207 to
28 311.213, to provide for the assessment and taxation of any value not
29 included in the valuation of the rehabilitation improvements during

1 the period of limited assessment prior to termination by the
2 governing body or by a court, in accordance with the findings of the
3 governing body or the court as to the assessment year in which the
4 limited assessment is to terminate. The county assessor shall make
5 the valuation of the property necessary to permit correction of the
6 rolls, and the owner may appeal the valuation in the manner provided
7 under ORS 311.207 to 311.213. Where there has been a failure to
8 comply, as provided in subsection (1) of this section, the property
9 shall be revalued beginning January 1 of the calendar year in which
10 the noncompliance first occurred. Any additional taxes becoming due
11 shall be payable without interest if paid in the period prior to the
12 16th day of the month next following the month of correction. If not
13 paid within such period, the additional taxes shall thereafter be
14 considered delinquent on the date they would normally have become
15 delinquent if timely extended on the roll or rolls in the year or
16 years for which the correction was made.

17 SECTION 4. Section 5 of this Act is added to and made a part of
18 ORS 307.600 to 307.690.

19 SECTION 5. If, after application has been approved under ORS
20 307.600 to 307.690, notice under ORS 91.524 that the multiple-unit
21 housing is being converted to condominium is given, or if a
22 declaration defined in ORS 91.500 (9) with respect to the property
23 is presented to the county assessor or tax collector for approval
24 under ORS 91.512:

25 (1) The exemption granted the multiple-unit housing under ORS
26 307.600 to 307.690 shall terminate immediately without right of
27 notice or appeal;

28 (2) The property shall be assessed and taxed as other property
29 similarly situated is assessed and taxed; and

1 (3) Notwithstanding ORS 311.220, there shall be added to the
2 next general property tax roll, to be collected and distributed in
3 the same manner as other real property tax an amount equal to:

4 (a) The new assessed value of the property multiplied by the tax
5 rate of the most recent tax levy in the tax code area in which the
6 property is located, multiplied by

7 (b) A number of years equal to the number of years, not to
8 exceed ten years, during which the property was exempt from taxation
9 under ORS 307.600 to 307.690.

10 Section 6. ORS 307.670 is amended to read:

11 307.670. (1) Except as provided in section 5 of this 1981 Act,
12 if, after an application has been approved under ORS 307.600 to
13 307.690, the city finds that construction of multiple-unit housing
14 was not completed on or before January 1, 1985, or that any
15 provision of ORS 307.600 to 307.690 is not being complied with, or
16 any provision required by the city pursuant to ORS 307.600 to
17 307.690 is not being complied with, the city shall give notice to
18 the owner, mailed to the owner's last-known address, of the proposed
19 termination of the exemption. The notice shall state the reasons for
20 the proposed termination and shall require the owner to appear at a
21 specified time, not less than 20 days after mailing the notice, to
22 show cause, if any, why the exemption should not be terminated.

23 (2) If the owner fails to show cause why the exemption should
24 not be terminated, the city shall adopt an ordinance or resolution
25 stating its findings terminating the exemption. A copy of the
26 ordinance or resolution shall be filed with the county assessor and
27 a copy sent to the owner at [his] the owner's last-known address,
28 within 10 days after its adoption.

29 Section 7. ORS 91.512 is amended to read:

1 91.512. (1) Before a declaration or an amendment thereto may be
2 recorded, it must be approved as provided in this section by the
3 county assessor, the tax collector of the county in which the
4 property is located and the Real Estate Commissioner. No declaration
5 or amendment thereto shall be approved unless the requirements of
6 subsections (2), (3) and (4) of this section are met.

7 (2) The county assessor of the county in which the property is
8 located shall approve a declaration or amendment thereto if:

9 (a) The name complies with of ORS 91.509 (3); and

10 (b) The plat and floor plans comply with the requirements of ORS
11 91.515.

12 (3) The tax collector of the county in which the property is
13 located shall approve the declaration if:

14 (a) All ad valorem taxes, special assessments, fees, or other
15 charges required by law to be placed upon the tax roll which have
16 become a lien upon the property during the calendar year have been
17 paid; and

18 (b) Advance payment of ad valorem taxes, special assessments,
19 fees or other charges which are not on the tax roll and for which
20 payment is required under paragraph (a) of this subsection has been
21 made to the tax collector utilizing the procedures contained in ORS
22 92.095 and 311.370; and [.]

23 (c) The additional taxes, and any interest attributable thereto,
24 required by sections 2 and 5 of this 1981 Act have been paid.

25 (4) The Real Estate Commissioner shall approve the declaration
26 or amendment thereto if:

27 (a) The declaration or the amendment thereto complies with the
28 requirements of ORS 91.509;

1 (b) The bylaws adopted under ORS 91.531 comply with the
2 requirements of ORS 91.533; and

3 (c) The plat and floor plans comply with the requirements of ORS
4 91.515.

HOUSE BILL BACK

▼ CROSS OUT INAPPLICABLE WORDS ▼ 1

BILL ~~RESOLUTION~~ } NUMBER **(2788)**
 ~~MEMORIAL~~ }

Title:
**Relating to property taxation; creating new provisions; and amending
 ORS 91.512, 307.670, and 308.477.**

Sponsored by
 Committee on:

At the request of:

Rep. Vera Katz

All agencies, organizations and persons that have formally requested the measure are named herein in accordance with ORS 173.127.

Vera Katz
 CHIEF SPONSOR

SPONSORS House		<i>Principal</i>	<i>Additional</i>	SPONSORS House		<i>Principal</i>	<i>Additional</i>	SPONSORS Senate		<i>Principal</i>	<i>Additional</i>
Anderson				Katz			<i>HP</i>	Brown			
Bauman				Kennedy				Bullock			
Bellamy				Kerans				Burbidge			
Bradbury				Lindquist				Day			
Brogioiti				Lombard				Fadeley			
Bugas				Magruder				Gardner			
Burrows				Markham				Groener			
Campbell				Mason				Hallock			
Cease				Meyer				Hanlon			
Cherry				Myers				Hannon			
Chrest				Otto				Hartung			
Cohen				Parkinson				Heard			
Courtney				Priestley				Isham			
Davis				Riebel				Jernstedt			
DeBoer				Rijken				Kitzhaber			
Farmer				Roberts, B.				Kulongoski			
Fawbush				Roberts, L.				McCoy			
Ford				Rutherford				McFarland			
Gilmour				Ryles				Meeker			
Gold				Schoon				Monroe			
Grannell				Simpson				Potts			
Hamby				Smith				Powell			
Hanneman				Springer				Ripper			
Harper				Throop				Roberts			
Hendriksen				Trahern				Simmons			
Hooley				Van Vliet				Smith			
Johnson				VanLeeuwen				Thorne			
Jolin				Whallon				Trow			
Jones				Yih				Wingard			
Kafoury				Zajonc				Wyers			

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