

House Bill 2932

Sponsored by Representative BOONE

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**.

Authorizes city or county to adopt ordinance or resolution providing property tax exemption to commercial, industrial and multifamily buildings that have been seismically retrofitted, for period of up to 10 years, with additional period up to five years based on locally adopted criteria. Caps dollar amount of exemption at specified eligible costs to seismically retrofit building.

Provides that ordinance or resolution becomes effective only if rates of taxation of taxing districts located within territory of local government whose governing boards agree to exemption or partial exemption, when combined with rate of local government adopting exemption or partial exemption, equal 75 percent or more of total combined rate of taxation within territory of local government. Provides that eligible costs equal discounted present value of estimated after-tax costs directly related to work necessary to seismically retrofit building. Authorizes county assessor to charge owner of building fee of up to \$200 for first year and up to \$100 for each subsequent year for which property exemption or partial exemption is granted.

Provides for clawback of property tax upon disqualification for failure to comply with eligibility requirements or make reasonable progress on seismic retrofitting or for misleading or false statements in application. Authorizes city or county to provide owner with opportunity to cure grounds for disqualification.

Sunsets authority to adopt ordinance or resolution on January 2, 2028.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1 Relating to property tax exemption for seismic retrofitting costs; and prescribing an effective date.

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

3 **SECTION 1. (1) As used in sections 1 to 5 of this 2017 Act:**

4 (a) "Eligible costs" means the discounted present value of estimated after-tax costs di-
5 rectly related to the work necessary to seismically retrofit eligible property.

6 (b) "Eligible property" means improvements and personal property that constitute a
7 commercial, industrial or multifamily building.

8 (2) The governing body of a city or county may adopt an ordinance or resolution provid-
9 ing for exemption or partial exemption from ad valorem property taxation of eligible property
10 that has been seismically retrofitted.

11 (3)(a) An ordinance or resolution adopted under this section must specify the eligibility
12 requirements for the exemption or partial exemption.

13 (b) Notwithstanding paragraph (a) of this subsection, property is not eligible for an ex-
14 emption or partial exemption pursuant to this section if, at the time an application for the
15 property is filed under section 2 of this 2017 Act, the property is:

16 (A) Subject to assessment under ORS 308.505 to 308.681; or

17 (B) State-appraised industrial property as defined in ORS 306.126.

18 (c) For any property tax year, property granted any other exemption or partial exemption
19 or a special assessment may not be granted exemption or partial exemption under this sec-
20 tion.

21 (4)(a)(A) An ordinance or resolution adopted under this section must specify the period,
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NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 not to exceed 10 years, for which the exemption or partial exemption may be granted.

2 (B) The ordinance or resolution may allow for an additional period, not to exceed five
3 years, based on criteria set forth in the ordinance or resolution.

4 (b) Eligible property may be granted exemption or partial exemption under this section
5 until the earlier of:

6 (A) The expiration of the period for which the eligible property is eligible for exemption
7 or partial exemption under paragraph (a) of this subsection; or

8 (B) The date on which the dollar amount of the exemption or partial exemption equals
9 the eligible costs for the property.

10 (c) The city or county may adopt any other provisions relating to the exemption or par-
11 tial exemption that do not conflict with the requirements of sections 1 to 5 of this 2017 Act.

12 (5)(a) A city or county may amend or repeal an ordinance or resolution adopted under
13 this section at any time.

14 (b) Notwithstanding paragraph (a) of this subsection, eligible property that is granted an
15 exemption or partial exemption under this section when the ordinance or resolution is
16 amended or repealed shall continue to receive the exemption or partial exemption for the
17 period granted, pursuant to the provisions of the ordinance or resolution in effect when the
18 property was initially granted the exemption or partial exemption.

19 (6)(a) An ordinance or resolution adopted under this section does not become effective
20 unless the rates of taxation of the taxing districts located within the territory of the city or
21 county whose governing boards agree to the exemption, when combined with the rate of
22 taxation of the city or county that adopted the ordinance or resolution, equal 75 percent or
23 more of the total combined rate of taxation within the territory of the city or county.

24 (b) If an ordinance or resolution becomes effective pursuant to paragraph (a) of this
25 subsection, the exemption or partial exemption shall be effective for the tax levies of all
26 taxing districts in which an eligible property that is granted an exemption or partial ex-
27 emption is located.

28 **SECTION 2.** (1)(a) The owner of eligible property seeking an exemption or partial ex-
29 emption for the eligible property under an ordinance or resolution adopted pursuant to sec-
30 tion 1 of this 2017 Act must file an application, with the governing body of the city or county
31 that adopted the ordinance or resolution, on or before March 15 preceding the beginning of
32 the property tax year for which the exemption or partial exemption is sought. A single ap-
33 plication may be filed for eligible property in contiguous tax accounts under common own-
34 ership.

35 (b) Notwithstanding paragraph (a) of this subsection, an application may be filed after
36 March 15 and on or before December 31 if the application is accompanied by a late filing fee
37 equal to the greater of \$200 or one-tenth of one percent of the real market value of the eli-
38 gible property to which the application relates as of the assessment date for that tax year.

39 (2) An application filed pursuant to this section must include:

40 (a) The address of the eligible property.

41 (b) Documentation showing the ownership of the eligible property by the person filing the
42 application.

43 (c) Documentation showing that all applicable eligibility requirements have been met.

44 (d) Documentation of estimated eligible costs with respect to the eligible property pre-
45 pared by a person unrelated to the owner of the eligible property and having expertise in

1 estimating such costs. Documentation of eligible costs may include, but is not limited to,
 2 bids, cost estimates, copies of contracts, notes and minutes of contract negotiations and
 3 accounts, invoices, sales receipts and other payment records of purchases, sales, leases and
 4 other transactions relating to the eligible costs.

5 (e) An application fee, if any, required by the city or county.

6 (3) The application shall be reviewed by the city or county. The city or county may
 7 consult with the owner of the eligible property about the application, and the owner may
 8 amend the application.

9 (4)(a) If the city or county determines that the application does not meet the require-
 10 ments of this section, the city or county shall promptly notify the owner of the eligible
 11 property in writing that the application is not approved, stating the reasons for the deter-
 12 mination. A determination under this paragraph is not reviewable, but the owner of the eli-
 13 gible property may file an application under this section for any subsequent year.

14 (b) If the city or county determines that the application meets the requirements of this
 15 section, the city or county shall promptly:

16 (A) Notify the owner of the eligible property in writing that the application is approved;
 17 and

18 (B) Notify the county assessor in writing that the application is approved and certify the
 19 period for which the exemption or partial exemption is granted and the estimated eligible
 20 costs with respect to the eligible property.

21 (5) The assessor of the county in which the eligible property granted an exemption or
 22 partial exemption is located may charge the owner a fee of up to \$200 for the first year and
 23 up to \$100 for each subsequent year for which the exemption or partial exemption is granted
 24 to compensate the assessor for duties imposed under sections 1 to 5 of this 2017 Act.

25 (6) The transfer of the eligible property in an arm's-length transaction shall not dis-
 26 qualify the eligible property from an exemption or partial exemption granted to the eligible
 27 property under the ownership of the transferor, provided the transferee:

28 (a) Notifies the city or county and the county assessor as soon as practicable of the
 29 transfer; and

30 (b) Complies with all requirements under sections 1 to 5 of this 2017 Act.

31 **SECTION 3.** (1) An ordinance or resolution adopted under section 1 of this 2017 Act must
 32 state the percentage of the exemption to be applied to the real market value of the eligible
 33 property.

34 (2) The exemption or partial exemption shall apply to new or existing eligible property
 35 of any classification under rules established by the Department of Revenue pursuant to ORS
 36 308.215 (1)(a)(C).

37 (3) ORS 307.032 applies to eligible property granted partial exemption under the ordinance
 38 or resolution.

39 (4) Each year the county assessor shall add to the assessment and tax rolls of the county,
 40 with respect to the eligible property granted exemption or partial exemption under this sec-
 41 tion, the notation "potential additional tax."

42 **SECTION 4.** (1) Each year, on or before a date prescribed by the city or county that
 43 adopted the ordinance or resolution under section 1 of this 2017 Act pursuant to which eli-
 44 gible property is granted an exemption or partial exemption, the owner of the eligible prop-
 45 erty shall submit documentation of actual eligible costs incurred and an updated estimate

1 of the eligible costs to the city or county, as applicable.

2 (2)(a) If the updated estimate of the eligible costs is greater or less than the original
3 estimate by 10 percent or more, the city or county shall submit the documentation and up-
4 dated estimate to the assessor of the county in which the eligible property is located.

5 (b) Upon receipt, the county assessor shall recompute the assessed value and maximum
6 assessed value of the eligible property under ORS 308.156, beginning with the first year for
7 which the eligible property was granted exemption or partial exemption.

8 (c) The values as recomputed under this section shall apply to the remaining period for
9 which the eligible property has been granted exemption or partial exemption. Delinquent
10 taxes may not be assessed or collected, and refunds may not be paid, as a consequence of the
11 recomputation under this section for property tax years preceding the remaining period.

12 **SECTION 5.** (1) Eligible property that is granted exemption or partial exemption pursuant
13 to an ordinance or resolution adopted under section 1 of this 2017 Act shall continue to re-
14 ceive the exemption or partial exemption until the eligible property is disqualified by the
15 earliest of:

16 (a) The expiration of the period for which the exemption or partial exemption was certi-
17 fied under section 2 of this 2017 Act.

18 (b) The date on which the dollar amount of the exemption or partial exemption equals
19 the eligible costs for the eligible property.

20 (c) The discovery by the city or county that the owner of the eligible property has failed
21 to:

22 (A) Comply with the eligibility requirements adopted by the city or county; or

23 (B) Begin or make reasonable progress on seismic retrofitting of the eligible property.

24 (d) The discovery by the city or county that any statement or representation in any
25 documentation filed pursuant to section 2 of this 2017 Act was misleading or false.

26 (2) The city or county may provide an owner with the opportunity to cure the grounds
27 for disqualification under subsection (1) of this section.

28 (3) The city or county shall notify the county assessor of the disqualification of eligible
29 property from exemption or partial exemption under this section, and upon disqualification
30 the eligible property shall be assessed and taxed under ORS 308.146.

31 (4) Upon disqualification of eligible property from exemption or partial exemption under
32 subsection (1)(c) or (d) of this section, there shall be added to the tax extended against the
33 eligible property on the next assessment and tax roll, to be collected and distributed in the
34 same manner as other property taxes, additional taxes, equal to the difference between the
35 taxes assessed against the eligible property and the taxes that otherwise would have been
36 assessed against the eligible property if the eligible property had not been granted exemption
37 or partial exemption, for all years for which the eligible property was granted exemption or
38 partial exemption.

39 (5) Additional taxes collected under this section shall be deemed to have been imposed in
40 the year to which the additional taxes relate.

41 (6) The amount of additional taxes determined to be due under this section may be paid
42 to the tax collector prior to the completion of the next assessment and property tax roll
43 pursuant to ORS 311.370.

44 **SECTION 6.** (1) Sections 1 to 5 of this 2017 Act are repealed on January 2, 2028.

45 (2) Notwithstanding the date specified in subsection (1) of this section, eligible property

1 that is granted exemption or partial exemption under an ordinance or resolution adopted
2 pursuant to section 1 of this 2017 Act before the date specified in subsection (1) of this sec-
3 tion shall continue to receive the exemption or partial exemption under the provisions of the
4 ordinance or resolution for the period of time for which the exemption or partial exemption
5 was granted.

6 SECTION 7. This 2017 Act takes effect on the 91st day after the date on which the 2017
7 regular session of the Seventy-ninth Legislative Assembly adjourns sine die.

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