

# A-Engrossed Senate Bill 1045

Ordered by the Senate May 14  
Including Senate Amendments dated May 14

Sponsored by Senators HASS, HANSELL

## 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.

Authorizes city or county to adopt property tax exemption [*for portion*] **in amount not to exceed \$300,000 of assessed value** of principal place of residence used by homeowner to rent space in residence **through public or nonprofit home share program** to individuals seeking such space. [*Provides that exemption shall be granted as 100 percent exemption for five consecutive years unless city or county adopts other terms.*] Provides that [*city or county*] **adopting jurisdiction** must require [*means testing of home share seekers. Requires*] home share rental agreement to offer space at rent affordable to home share seekers with income at or below [*level determined by city or county*] **60 percent of area median income, must prohibit exemption for home share agreements among family members and must specify period for which exemption may be granted.**

Provides that [*exemption applies only to tax levy of city or county enacting exemption law and other taxing districts agreeing to grant exemption,*] **ordinance or resolution granting exemption may not take effect** unless rates of taxation of **adopting jurisdiction** and taxing districts that agree to grant exemption equal 51 percent or more of total combined rate of taxation. [*Requires exemption to be granted to all residences on same terms in effect on date application is submitted.*]

Prohibits property receiving any other property tax benefit, other than homestead property tax deferral, from being granted home share exemption. Allows [*city or county*] **adopting jurisdiction** to amend [*or terminate*] exemption, subject to approval process of taxing districts described above, **or repeal exemption**, but provides that residences granted exemption continue to receive exemption under terms in effect at time exemption was first granted.

**Sets cap of 500 homes that may be granted exemption statewide in any property tax year.** Sunsets authority of city or county to adopt exemption [*or deferral on June 30*] **that becomes effective after January 31, 2027.** Repeals exemption program on January 2, 2029. Provides that residences granted exemption before repeal date continue to receive exemption [*under terms in effect at time granted*] **if term extends past repeal date.**

Takes effect on 91st day following adjournment sine die.

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## A BILL FOR AN ACT

Relating to the taxation of property used in a home share program; and prescribing an effective date.

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

**SECTION 1. As used in sections 1 to 5 of this 2019 Act:**

(1) **“Adopting jurisdiction”** means the governing body of a city or county that has adopted an ordinance or resolution pursuant to section 2 of this 2019 Act.

(2) **“Consumer Price Index for All Urban Consumers, West Region”** means the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor.

(3) **“Eligible property”** means a home that is used pursuant to a home share agreement facilitated by a home share program and, if the land is owned by the home share provider, the land upon which the home is situated.

(4) **“Family member”** means an individual related, by blood, marriage, domestic partner-

**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 ship, adoption, fosterage or otherwise as specified below, to another individual in any of the  
2 following ways:

3 (a) A spouse, former spouse, domestic partner or former domestic partner;

4 (b) A parent or grandparent of any generation;

5 (c) A child or grandchild of any generation;

6 (d) An individual who acts or has acted in loco parentis;

7 (e) An aunt, uncle, niece or nephew of any generation; or

8 (f) A cousin of any degree.

9 (5) "Home" means the principal place of residence of a home share provider.

10 (6) "Home share agreement" means a rental agreement for living space entered into by  
11 a home share provider with one or more home share seekers in return for money or other  
12 property or services.

13 (7) "Home share program" means a program for the purpose of addressing homelessness,  
14 due to any cause, by facilitating home share agreements, subject to all applicable federal,  
15 state and local laws and the rules of the home share program, that is operated by:

16 (a) A nonprofit corporation organized under ORS chapter 65;

17 (b) A corporation described in section 501(c)(3) of the Internal Revenue Code that is ex-  
18 empt from income taxation under section 501(a) of the Internal Revenue Code;

19 (c) A housing authority as defined in ORS 456.005; or

20 (d) An adopting jurisdiction.

21 (8) "Home share provider" means an individual homeowner who rents or offers to rent  
22 space in the individual's home to one or more home share seekers through a home share  
23 program.

24 (9) "Home share seeker" means an individual who seeks or obtains housing in the home  
25 of a home share provider through a home share program.

26 (10) "Qualified property" means eligible property for which an exemption application has  
27 been approved under section 4 of this 2019 Act.

28 **SECTION 2.** (1) The governing body of a city or county may adopt an ordinance or re-  
29 solution granting a property tax exemption for eligible property located within the bounda-  
30 ries of the city or county, respectively.

31 (2)(a) The exemption shall be granted as a subtraction from the assessed value of the  
32 qualified property for a property tax year in an amount, not to exceed \$300,000, determined  
33 by the adopting jurisdiction in consultation with the applicable home share program.

34 (b) The adopting jurisdiction shall annually adjust the dollar amount specified in para-  
35 graph (a) of this subsection by multiplying the amount by the percentage, if any, by which  
36 the monthly averaged Consumer Price Index for All Urban Consumers, West Region, for the  
37 12 consecutive months ending on the immediately preceding December 31 exceeds the  
38 monthly averaged Consumer Price Index for All Urban Consumers, West Region, for the 12  
39 consecutive months ending on the second preceding December 31.

40 (3) The ordinance or resolution must:

41 (a) Limit home share seekers to individuals who, at the time the individuals enter into  
42 a home share agreement, have a combined household income that does not exceed 60 percent  
43 of area median income or a lesser percentage determined by the adopting jurisdiction;

44 (b) Require any home share agreement to offer space in the qualified property at a rent  
45 that is affordable to home share seekers described in paragraph (a) of this subsection;

1 (c) Prohibit an exemption if the home share seeker and home share provider are family  
2 members;

3 (d) Specify the period for which an exemption may be granted; and

4 (e) Specify a permissible period of not less than three months and not more than six  
5 months during which a home share provider may enter into a new home share agreement  
6 with a home share seeker under section 5 (4)(b) of this 2019 Act before the qualified property  
7 is disqualified from the exemption.

8 (4) The adopting jurisdiction may specify in the ordinance or resolution:

9 (a) How often or other circumstances in which a home share provider must reapply for  
10 the exemption; and

11 (b) Other provisions relating to the exemption that do not conflict with the requirements  
12 of sections 1 to 5 of this 2019 Act.

13 (5)(a) The adopting jurisdiction shall ask the governing bodies of other taxing districts  
14 with territory located within the boundaries of the city or county to agree to grant the ex-  
15 emption on the terms set forth in the ordinance or resolution.

16 (b) An ordinance or resolution adopted or amended pursuant to this section may not take  
17 effect unless the rates of taxation of the taxing districts whose governing bodies agree to  
18 grant the exemption, when combined with the rate of taxation of the adopting jurisdiction,  
19 equal 51 percent or more of the total combined rate of taxation on the qualified property.

20 (c) If the ordinance or resolution takes effect, the exemption shall apply to all property  
21 tax levies of all taxing districts in which qualified property is located.

22 (d) The decisions of the taxing districts under paragraph (b) of this subsection may not  
23 be changed but are not binding with respect to an ordinance or resolution amended pursuant  
24 to subsection (6) of this section or a subsequent ordinance or resolution adopted pursuant  
25 to subsection (1) of this section.

26 (6)(a) An adopting jurisdiction may at any time adopt an ordinance or resolution amend-  
27 ing the terms of an exemption granted pursuant to this section, subject to subsection (5) of  
28 this section, or repealing the exemption.

29 (b) Notwithstanding an ordinance or resolution adopted under paragraph (a) of this sub-  
30 section, qualified property that was granted an exemption prior to the adoption shall con-  
31 tinue to receive the exemption for the number of property tax years for which the exemption  
32 was granted and under all other terms then in effect.

33 (7)(a) Eligible property that is receiving any other property tax exemption or special as-  
34 sessment may not be granted an exemption pursuant to this section.

35 (b) Paragraph (a) of this subsection does not apply to the homestead property tax defere-  
36 ral program under ORS 311.666 to 311.701.

37 **SECTION 3.** (1) For any property tax year, no more than 500 eligible properties statewide  
38 may be granted an exemption under an ordinance or resolution adopted pursuant to section  
39 2 of this 2019 Act.

40 (2) On or before January 31 of each year, each adopting jurisdiction shall notify the De-  
41 partment of Revenue of an ordinance or resolution that was adopted, amended or repealed  
42 by the adopting jurisdiction pursuant to section 2 of this 2019 Act and that became effective  
43 on or before January 31.

44 (3)(a) On or before February 28 of each year, the department shall allocate the maximum  
45 number of eligible properties specified in subsection (1) of this section among all adopting

1 jurisdictions in proportion to the relative populations of the adopting jurisdictions.

2 (b) The department shall notify each adopting jurisdiction of the maximum number of  
3 eligible properties that may be granted an exemption by the adopting jurisdiction.

4 (c) For each adopting jurisdiction, the maximum number includes both the number of  
5 qualified properties for the current property tax year and the number of eligible properties  
6 that may be granted an exemption for the next succeeding property tax year.

7 (4) If the number of qualified properties in an adopting jurisdiction exceeds the maximum  
8 number allowable after allocation under subsection (3) of this section:

9 (a) The qualified properties shall continue to receive the exemption for the number of  
10 property tax years for which the exemption was granted and under all other terms in effect  
11 when the exemption was granted; and

12 (b) The adopting jurisdiction may not grant another exemption until the total number  
13 of qualified properties in the adopting jurisdiction is less than the maximum number allo-  
14 cated to the adopting jurisdiction for the property tax year.

15 (5) The department may adopt rules to establish standards and procedures for adminis-  
16 tering this section.

17 **SECTION 4.** (1)(a) An adopting jurisdiction shall prescribe exemption application forms  
18 and the information required to be included in the application.

19 (b) If an eligible property is located in a city and county, each of which is an adopting  
20 jurisdiction, the applicant shall elect the exemption the applicant wishes to receive for the  
21 eligible property by submitting the application to the appropriate adopting jurisdiction.

22 (2) An application must be accompanied by the home share agreement entered into be-  
23 tween the applicant and the home share seeker and an application fee fixed by the adopting  
24 jurisdiction in an amount estimated to compensate the adopting jurisdiction for the actual  
25 costs of processing the application.

26 (3)(a) An application must be submitted for review to the adopting jurisdiction on or be-  
27 fore March 1 preceding the property tax year to which the application relates.

28 (b) Unless otherwise provided in the ordinance or resolution granting the exemption, if  
29 the ownership of the qualified property and the home share agreement included in the ap-  
30 plication for a prior year remain unchanged, a new application is not required.

31 (4) Within 60 days of receiving an application submitted pursuant to subsection (3) of this  
32 section, the adopting jurisdiction shall determine whether the property to which the appli-  
33 cation relates is eligible property located within the boundaries of the adopting jurisdiction  
34 and whether the application complies with the adopting jurisdiction's ordinance or resolution  
35 and sections 1 to 5 of this 2019 Act.

36 (5)(a) If the adopting jurisdiction determines that the property or application does not  
37 meet all the requirements described in subsection (4) of this section, the application shall  
38 be rejected and the applicant shall be notified of the decision and the reasons for the deci-  
39 sion.

40 (b) The rejection of an application:

41 (A) May not be appealed.

42 (B) Does not preclude the applicant from submitting a new application for the property  
43 for any property tax year.

44 (6)(a) Except as provided in paragraph (b) of this subsection, if the adopting jurisdiction  
45 determines that the property and application meet all the requirements described in sub-

1 section (4) of this section, the adopting jurisdiction shall approve the application.

2 (b) If the number of valid applications exceeds the maximum number allocated to the  
3 adopting jurisdiction under section 3 of this 2019 Act, applications shall be approved in  
4 chronological order by date of submission.

5 (7) Not later than July 15 of each year, an adopting jurisdiction shall notify:

6 (a) The assessor of the county in which qualified property is located of:

7 (A) All eligible properties approved for the exemption since July 15 of the previous year;

8 (B) All qualified properties disqualified from the exemption since July 15 of the previous  
9 year;

10 (C) The home share provider's name, the street address and the assessor's property ac-  
11 count number for all properties described in subparagraphs (A) and (B) of this paragraph;

12 (D) The amount to be subtracted from the assessed value of each qualified property for  
13 the property tax year in accordance with section 2 (2) of this 2019 Act; and

14 (E) Any other information necessary for the assessor to perform the assessor's duties  
15 with respect to the qualified property; and

16 (b) The Department of Revenue of the total number of qualified properties in the adopt-  
17 ing jurisdiction for the property tax year.

18 **SECTION 5.** (1) An adopting jurisdiction shall oversee and audit any home share program  
19 operating within the boundaries of the adopting jurisdiction.

20 (2) The adopting jurisdiction shall immediately disqualify property from an exemption  
21 granted under an ordinance or resolution adopted pursuant to section 2 of this 2019 Act if:

22 (a) In any year through the final assessment year of the exemption, the qualified prop-  
23 erty is not used for the purpose identified in the application approved under section 4 of this  
24 2019 Act; or

25 (b) The applicant fails to comply with any requirement established by the adopting ju-  
26 risdiction in the ordinance or resolution adopted pursuant to section 2 of this 2019 Act.

27 (3) Upon disqualification, the property shall be assessed and taxed in the same manner  
28 as other real property is assessed and taxed.

29 (4) Notwithstanding subsection (2) of this section, if a qualified property would otherwise  
30 be disqualified by reason of a breach of the home share agreement for which the home share  
31 provider is not at fault:

32 (a) The breached home share agreement shall be considered void; and

33 (b) The qualified property shall continue to receive the exemption for the number of  
34 property tax years for which the exemption was granted and under all other terms in effect  
35 when the exemption was granted if, within the period established by the adopting jurisdiction  
36 under section 2 (3)(e) of this 2019 Act, the home share provider enters into a home share  
37 agreement with one or more home share seekers and the application for the new home share  
38 agreement is approved under section 4 of this 2019 Act.

39 (5) The Department of Revenue may adopt rules to establish standards and procedures  
40 for administering this section.

41 **SECTION 6.** (1) Sections 1 to 5 of this 2019 Act apply to property tax years beginning on  
42 or after July 1, 2020, and before July 1, 2028.

43 (2) The governing body of a city or county may not adopt an ordinance or resolution  
44 pursuant to section 2 of this 2019 Act that becomes effective after January 31, 2027.

45 **SECTION 7.** (1) Sections 1 to 5 of this 2019 Act are repealed on January 2, 2029.

1           **(2) Notwithstanding the date specified in subsection (1) of this section, qualified property**  
2 **granted an exemption under an ordinance or resolution adopted pursuant to section 2 of this**  
3 **2019 Act before the date specified in subsection (1) of this section shall continue to receive**  
4 **the exemption on and after the date specified in subsection (1) of this section if the term of**  
5 **the exemption adopted under the ordinance or resolution extends past that date.**

6           **SECTION 8. This 2019 Act takes effect on the 91st day after the date on which the 2019**  
7 **regular session of the Eightieth Legislative Assembly adjourns sine die.**

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