

# Senate Bill 608

Sponsored by Senator CARTER (at the request of the Portland School District)

## 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**.

Exempts from taxation property conveyed by school district to taxable owner, if sales contract requires 20-year installment payments from taxable owner to school district. States how installment payment amounts are calculated. Limits exemption to 10 years following conveyance.

Applies to school district property conveyed to taxable owner on or after January 1, 2004.

## A BILL FOR AN ACT

Relating to taxation.

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

**SECTION 1.** Section 2 of this 2003 Act is added to and made a part of ORS chapter 307.

**SECTION 2.** (1) Property that meets the following requirements is exempt from taxation:

(a) The property was owned by a common or union high school district for at least 10 years prior to the date of sale to a taxable owner; and

(b) The property is conveyed to a taxable owner under a contract of sale that provides that:

(A) The taxable owner shall pay annually to the school district an amount that is at least equal to the amount determined under subsection (3) of this section, increased by three percent each year after the first year, for a period of 20 years;

(B) The payments made under subparagraph (A) of this paragraph constitute installment payments of consideration for the sale of the property and do not constitute property taxes, payments made in lieu of property taxes or any other type of charge imposed by a governmental unit on property or upon a property owner as a direct consequence of the ownership of that property; and

(C) Upon a subsequent transfer of all or a portion of the property to a subsequent owner, the school district is to receive a lump sum payment equal to the present value of all subsequent installments due under subparagraph (A) of this paragraph or, at the option of the school district, is to continue to receive installment payments from the original purchaser of the property under the terms of the contract that satisfy the requirements of subparagraph (A) of this paragraph.

(2) The contract may require the taxable owner to obtain a performance bond to ensure the owner's compliance with the provisions of the sales contract described in subsection (1)(b)(A) and (C) of this section. If required by the contract, the property is not exempt under this section unless the taxable owner satisfies the conditions of this subsection.

(3)(a) The minimum amount needed to satisfy the requirements of subsection (1)(b)(A) of this section equals the real market value of the property being conveyed, as stated in the sales contract, multiplied by the ratio of the average maximum assessed value over the av-

**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 erage real market value and then multiplied by the total consolidated rate, as described in  
2 ORS 310.147 (3)(b), for the code area in which the property is located. The product shall be  
3 increased by three percent, or by six percent if the ratio and rate described in this paragraph  
4 are from the tax year preceding the tax year in which the property is sold.

5 (b) For purposes of this subsection:

6 (A) The real market value stated in the sales contract does not need to equal the pur-  
7 chase price of the property;

8 (B) "Average maximum assessed value" and "average real market value" have the  
9 meanings given those terms in ORS 308.149; and

10 (C) The ratio of the average maximum assessed value to the average real market value  
11 and the total consolidated rate for the code area shall be the most recently available ratio  
12 and rate from the county assessor as of the date of the conveyance of the property.

13 (4) Property described in this section shall be exempt from taxation for the first tax year  
14 following the date of conveyance of the property from the school district to the purchaser  
15 and for the nine tax years that consecutively follow that tax year.

16 (5) In order for property to be exempt under this section:

17 (a) The taxable owner shall file a written application for exemption with the county  
18 assessor and shall include a copy of the sales contract with the application. The application  
19 and sales contract must be filed with the assessor on or before April 1 preceding the first  
20 tax year for which the exemption is claimed or 30 days after the date of conveyance of the  
21 property, whichever is later, but in no event may the application and sales contract be sub-  
22 mitted to the assessor after August 1 of the first tax year of the exemption.

23 (b) The assessor shall review the application and sales contract and, if the contract  
24 meets the requirements for the property to be exempt under this section, approve the ap-  
25 plication and exempt the property from taxation for the tax year for which the application  
26 is filed and for the nine tax years that consecutively follow that tax year.

27 **SECTION 3.** Section 2 of this 2003 Act applies to property conveyed from a common or  
28 union high school district to a taxable owner on or after January 1, 2004.