



# Oregon

Kate Brown, Governor

## Parks and Recreation Department

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RE: Testimony in support of SB 108

Chair Burdick, Vice Chair Boquist and Members of the Committee,

Oregon Parks and Recreation Department (OPRD) requests your support on SB 108 to redesign the Special Assessment for Historic Properties to help main street and small business in preservation and restoration at a time they are most in need.

The Special Assessment for Historic Properties is currently the only state historic preservation tax incentive program. The program, begun in 1974 as the nation's first state-level historic preservation tax incentive, has adjusted and evolved since then to deal with changing laws and political realities. In 2019, a short extension of the sunset passed to allow OPRD to evaluate the program and make recommendations for its future direction. SB 108 reflects findings of where the program is effective, improves administrative functionality, and eliminates portions that no longer serve their intended purpose.

The program remains extremely useful for commercial rehabilitations, linking smoothly with the federal historic tax credits for leverage, and causing reinvestment to happen where it otherwise would not have occurred. This program can be utilized to enable repairs including bringing historic buildings into ADA compliance, seismic improvements and energy and water conservation. SB 108 would continue the special assessment program for commercial, income-producing properties and extend the program through 2031.

SB 108 also makes a number of program improvements to ease administration of the program and provide clarity for participants. Administrative changes include: eliminating the Historic Assessment Review Committee and directing any appeals through a contested case process; clarification around the date of application and requirements that programs be listed in the National Register of Historic Properties at the time of application.

The biggest change to the program under SB 108, would be elimination of the residential portion of the program. For residential participants, the special assessment program has not been as successful. In the 1990s, Measures 5 and 50 ushered in controls on tax rates and caps on assessed value, directly affecting how Special Assessment was calculated, diminishing its impact, and creating unpredictability around the actual benefit to property owners. For residential homeowners who typically do not have professional consultants to assist, it is difficult to realize the responsibilities of the program or predict the end benefit. In some cases, owners of specially assessed properties have seen, at the end of their benefit term, property tax increases well beyond the three-percent cap allowed under a normal tax assessment.

Equally compelling, from the agency perspective, is the reality that the program is not reaching the residential historic property owners in rural communities who need assistance for smaller, but still critical, projects. These are owners who do not have the upfront cash required by the Special Assessment program or the volume of work to meet the 10% threshold. These are owners who have deteriorated porches, roofs, foundations, siding, or windows; projects that would not trigger a re-assessment anyway, but that threaten their ability to maintain, and ultimately to remain in, their historic houses. Special Assessment is an important tool, and the only preservation incentive the state currently offers. But it does not make sense to us to perpetuate a program that is not meeting the state's high standards for inclusion and accessibility.

OPRD would appreciate your support in moving forward with this important change in the Special Assessment for Historic Properties to preserve the portion of the program that is most effective. We look forward to working with stakeholders to develop alternative programs that can be better targeted to the needs of residential homeowners.

