



HB 3446

## Property Tax Special Assessment for Wildfire Relief

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### Background

The “frozen assessed value” envisioned in the bill as drafted would be administered as a property tax special assessment under Oregon Constitution, Article XI, Section 11. The Department of Revenue has three technical suggestions to reconcile the bill with the constitution.

### Administrative Topics

First, Section 1 of the bill creates the novel concept of a frozen-assessed value. To make that fit with Oregon Constitution, Article XI, derived from 1997’s Measure 50, it would be easier to implement if the bill would refer to that as a “special assessment,” and to add a new subsection 14 such as the following:

- (14) (a) For the first tax year for which property is assessed under this section, the property’s maximum specially assessed value shall equal the product of the specially assessed value under subsection (3) of this section multiplied by the ratio, not greater than 1.00, of the maximum assessed value of the property for the applicable tax year under subsection (3) to the real market value of the property for the applicable tax year under subsection (3).
- (b) For each year after the first tax year in which the property is assessed under this section and before disqualification from specially assessed value, the maximum specially assessed value shall equal 103 percent of the property’s assessed value from the prior year or 100 percent of the property’s maximum specially assessed value from the prior year, whichever is greater.

For the same reason, it would help to use the term “real market value” instead of “assessed value” in the first sentence of paragraph 3(a)(A).

Second, the descriptor “significantly damaged” as part of the definition of “destroyed homestead” in Section 1(1)(a) is vague enough to cause potential disputes. A more specific phrase such as “uninhabitable” or “having sustained at least \$\_\_ (or \_\_%) loss of real market value” would help taxpayers and county assessors better understand the parameters.

Third, we want to confirm that you are comfortable with the word “transferred” in Section 1(10)(b), as opposed to something specific such as “sold in an arms-length transaction.” Properties might be transferred to a family member or trust, for example.

### Agency Contact

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