The 2019 Oregon Legislative session began on January 22, 2019, and ended on June 30, 2019. With supermajorities in both the Senate and the House, it was one of the most ambitious and active legislative sessions in decades.

With over 3,000 bills introduced the Government Affairs Key Committee (GAKC) identified over 400 bills impacting the real estate industry. The GAKC and staff actively took positions in support or opposition to many of these bills and worked with legislators on both sides of the aisle to amend legislation to make it better for the real estate industry, homeownership and private property rights.

One of the highlights of the legislative session was REALTOR® Day at the Capitol (April 2, 2019) where more than 800 REALTORS® showed up to voice their concerns to legislators. This type of grassroots involvement is unmatched by any other industry group in the state.

In the end, we had some wins and some losses, but our influence was perhaps best demonstrated by our ability to shape important legislation. This report tells the story of the 2019 session as it relates to the Oregon Association of REALTORS®. We hope you find it informative and that it inspires you to get involved in OAR’s government and political affairs efforts.

It was an honor serving as your Government Affairs Key Committee Chair for this important legislative session.

Sincerely,

Randy Shaw

Randy Shaw
In 2018, elections delivered big victories for Democrats. They retained the Governorship and added to their numbers in the State Senate and the State House of Representatives. 2019 was the first time since 2009 that Democrats had a supermajority in the House and the first time since 1983 that the party had a supermajority in both chambers of the legislature. The Governor and Democratic leaders entered the 2019 session with an ambitious agenda focused on the following priorities:

- Business taxation and school funding
- Medicaid financing
- Greenhouse gas regulation and pricing
- Housing
- Employment and workplace regulation

OAR tracked all of these issues closely but focused its lobbying efforts on those most directly related to the OAR 2019-2020 legislative policies and principles adopted by the Board of Directors. On the following pages is a summary of key bills, OAR’s position on them, and where they ended up at the end of session.
Expanding Housing Supply

HB 2001 Missing Middle Housing: Support as Amended/Passed

HB 2001 was a top priority of House Speaker Tina Kotek and gained national attention as one of the most ambitious housing policy changes in the nation. The bill requires cities over 25,000 in population to allow the building of townhomes, duplexes, triplexes, 4-plexes and cottage clusters (“middle housing”) on land zoned for single-family use. The bill requires cities with 10,000-25,000 population to allow for duplexes on single family lots. The bill does not mandate that any new housing types be built, only that cities allow for it. Cities must update their zoning codes to allow for the new housing types by June 30, 2022 (June 30, 2021 for cities between 10,000 and 25,000 population). Cities can make reasonable regulations governing the siting and design of the new developments. OAR initially opposed the bill over concerns that Metro and cities would overestimate the number of new middle housing units that would be built and thus underestimate their need for additional buildable lands. OAR secured amendments that ensure local jurisdictions base their middle housing projections in reality and that prohibit the use of speculative trends and wishful thinking in determining housing needs and buildable lands inventories more generally. This was a major victory for housing supply and land use planning. OAR supported the bill as amended and was instrumental in securing its passage.

HB 2003 Housing Needs Analysis and Housing Production Strategies: Support/Passed

HB 2003 moved along with HB 2001. It requires the state to conduct regional housing needs analyses. For each city and Metro the state will conduct existing housing stock estimates, a housing shortage analysis, and an estimate of the number of housing units needed at each segment of the market to accommodate anticipated population growth over the next 20 years. Cities with populations of 10,000 or more must develop housing production strategies to demonstrate how those units are going to get built. This is a major improvement to the current process because it adds accountability to ensure that local jurisdictions are doing their part to alleviate the housing shortage.

HB 2055 Grants and Loans to Expand Workforce Housing Supply: Support/Passed in OHCS Budget

The Greater Oregon Housing Accelerator program will help local governments and employers build new housing for workers so that businesses can grow, communities can take advantage of economic development opportunities, and workers can live in the communities where they work. The legislature appropriated $5M for this program in the Oregon Housing and Community Services Department budget. OAR will continue to push for additional funding for this program in future legislative sessions.

HB 2056 Grants and Loans to Expand Low-Income Housing Supply: Support/Passed

Loan guarantee programs administered by Oregon Housing and Community Services Department currently provide guarantees to lenders to help finance housing for lower-income households. HB 2056 expands upon these programs by creating the Housing Development Grant Program to provide grants that support affordable rental housing development.

SB 534 Housing Development on “Skinny” Lots: Monitor/Passed

SB 534 requires local governments to allow the
development of at least one unit on each platted lot zoned for a single-family dwelling (including 25 X 100 lots) within the urban growth boundary of cities with populations greater than 25,000 beginning March 1, 2020, as long as specified conditions are met concerning infrastructure, potential hazards, and certain statewide land use planning goals.

Oregon Housing and Community Services Budget: Support/Passed

The Oregon legislature invested more than $330M in funding for housing and homelessness related programs, including $70M for homelessness assistance and prevention, $206M for affordable housing, and $54M for permanent supportive housing.

Business Taxation

HB 3427 Gross Receipts Tax: Oppose/Amended/Passed

It was inevitable that some large business tax increase would pass in the 2019 legislative session to fund the priorities of the Joint Committee on Student Success, which crisscrossed the state in 2018 talking with students, teachers and parents about needed investments to boost Oregon’s high school graduation rates. Legislators landed on a $1 billion per year ($2 billion per budget cycle) package that included a tax of .57% on business gross receipts over $1M, with a 35% deduction for either labor costs or cost of goods sold. The package also included minor reductions in personal income taxes. Facing the reality that a new business tax would pass, OAR worked with key legislators to ensure that only the value of commissions (not value of home sales) would be taxed and that REALTOR® commissions would only be taxed at the REALTOR® level rather than at the brokerage level or at both levels. As a result, the tax will only apply to REALTORS® who have more than $1M in commissions and to brokerages that have more than $1M in revenues after distributing broker commissions.

Economic Development

SB 2 Eastern Oregon Economic Development Zones: Support/Passed

SB 2 was signed by the Governor on May 24, 2019. It authorizes ten Eastern Oregon counties (Baker, Gilliam, Grant, Harney, Lake, Malheur, Sherman, Union, Wallowa and Wheeler) to conduct an economic opportunity analysis outside of their Urban Growth Boundaries (UGB) as part of their comprehensive plan. The bill gives each county 50 acres to divide into as many as 10 different parcels for economic development without taking an exception to the statewide land use goals and without the Land Conservation and Development Commission’s (DLCD) approval.

Landlord/Tenant

SB 608 Statewide Rent Control and Elimination of No-Cause Evictions: Oppose/Passed

SB 608 ends no-cause evictions and limits annual rent increases to 7% + CPI after the first year of occupancy. It was signed by the Governor and took effect on February 28, 2019. OAR opposed the bill, but it sailed through both Chambers with no opportunity to amend and only perfunctory hearings. One of the most challenging parts of the law for REALTORS® and prospective homeowners is the requirement that a tenant be given 90 days’ notice when a home is sold to a buyer who intends to occupy as a primary residence. OAR is collecting feedback of how this
provision is negatively impacting homeowners who can no longer qualify for VA, FHA and other loans that require them to occupy a home within 60 days of closing and will pursue amendments in future sessions.

**SB 484 Prohibiting Multiple Rental Application Fees: Monitor/Passed**

SB 484 requires only one fee per applicant, when applications are made to rent one of multiple units owned or managed by the same landlord, within a 60-day period.

**Land Use**

**HB 2469 Allows Second Dwelling for Relative on Forest Zoned Land: Support/Passed**

HB 2469 allows counties to approve a new single-family dwelling on forestlands provided that the existing and new dwellings are or will be occupied by the owner or a relative of the owner and the purpose of the new dwelling is to allow the relative to assist the owner with the forest operations, among other requirements.

**HB 3024 Replacement of Dwellings on Exclusive Farm Use Land: Support/Passed**

HB 3024 clarifies the circumstances under which a current or former dwelling may be replaced on land zoned for exclusive farm use.

**SB 88 Accessory Dwelling Units in Rural Residential Zones: Support/Failed**

SB 88 would have authorized a county to allow an owner of a lot or parcel in an area zoned for rural residential use to construct one accessory dwelling unit (ADU) under specified conditions. This would have made the rules for rural residents similar to those for urban residents. OAR supported this bill and testified in favor of it. The bill did not pass but OAR will take another run at it in future sessions.

**HB 2225 Limits to Forest Template Dwellings: Oppose/Passed**

This bill limits allowable forest template dwellings. It clarifies the method used for determining "center of tract" when establishing a forest template dwelling, prohibits the use of property line adjustments to qualify a parcel for a template dwelling and prohibits the use of deed transfer to qualify parcels for template dwellings. The bill allows some exceptions until November 1, 2023. The bill takes effect for some counties immediately and for others in either 2021 or 2023.

**SB 8 Attorney’s Fees for Challenges to Publicly Supported Housing: Support/Passed**

SB 8 requires the Land Use Board of Appeals (LUBA) to order challengers to pay reasonable attorney fees and expenses to prevailing respondents on appeal who are the applicant or the local government, if the challenge is against a locally approved application to develop publicly supported housing.

**Homeownership**

**HB 3349 Mortgage Interest Deduction Elimination: Oppose/Failed**

HB 3349 would have eliminated the mortgage interest deduction for all second homes, phased it out for primary homes if the taxpayer earned between $200,000 and $250,000 per year, and eliminated it for first homes if the taxpayer earned more than $250,000 per year. OAR opposed this legislation and was able to prevent it from passing, but we expect similar legislation to return in future sessions.
HB 2312 New Flood Insurance Language for Seller’s Disclosure: Support as Amended/Passed

HB 2312 modified the seller’s disclosure statute to require that the disclosure statement include the phrase “flood insurance may be required for homes in a floodplain.” The bill initially called for more significant changes to the seller’s disclosure statement. OAR worked to amend the bill to its current form and ultimately supported it.

HB 5017 - DEQ Budget—Wood Stove Replacement Assistance: Support/Passed

The Department of Environmental Quality budget for 2019-2021 included $500k for Oregon’s wood smoke curtailment program which helps homeowners swap out non-complying wood stoves, prioritizing resources in communities that are designated as “non-attainment areas” under the Clean Air Act. OAR and other partners successfully secured the funding for this important initiative in the DEQ budget.

SB 756 Septic Replacement Assistance: Support/Failed

The 2016 Legislature adopted the Clean Water Loan Program (ORS 454.779), which directed the Department of Environmental Quality to award grants for developing and administering loan programs to provide low-interest loans for the repair, replacement, upgrade or evaluation of residential or small business on-site septic systems. The program has served over 100 families, financing projects that are now treating an estimated total of 13 million gallons of wastewater annually. OAR and its partners lobbied for additional funds for this program in the 2019 session but came up short. We will continue fighting for these funds in future legislative sessions.

Employment and Workplace Regulation

HB 2498 Expanding the Definition of “Employee:” Oppose/Failed

HB 2498 would have added to the requirements for a worker to be classified as an “independent contractor” (as opposed to an “employee”) provided the worker “does not provide services that are within the usual course of the other person’s business.” The OAR Government Affairs team worked with other business groups to stop the bill from advancing, but we expect it to return in future sessions.

Other Major 2019 Legislation

These bills helped to define the 2019 legislative session and were a top priority for many other organizations. OAR did not engage in them directly but we followed them closely.

HB 2020 Carbon Cap and Trade: Monitor/Failed

Perhaps the most controversial bill of the 2019 legislative session, HB 2020 led to a week-long walkout of Republicans that gained national media attention. The bill would have capped carbon emissions and set a price to purchase credits to emit carbon, with the goal of reducing Oregon’s carbon emissions to at least 45 percent below 1990 emissions levels by 2035 and to at least 80 percent below 1990 emissions levels by 2050. The primary effects of the bill would have been to dramatically increase the price of transportation and home heating fuel, with the goal of pushing consumers to alternative methods of transportation (i.e. electric
vehicles, transit) and home heating (electric, powered by renewables). The bill ultimately died because it did not have enough Democratic votes in the State Senate.

**HB 2005 Paid Family and Medical Leave: Monitor/Passed**

Oregon joined Washington, California and a handful of other states in requiring employers to provide a paid family and medical leave benefit. The law allows eligible employees to receive paid leave for up to 12 weeks for their own serious health condition or for parental leave and other family care, beginning in 2023. The program will be funded through premiums (payroll taxes) on employers and employees, not to exceed 1% (total) of an employee’s wages. Premiums will be paid beginning in 2022. Employers with 25 employees or more will contribute 40% of the premium and their employees will contribute 60%. Employers with fewer than 25 employees are not required to contribute the employer 40%, although are allowed to do so.

**SJR 18 Constitutional Referral to Allow Campaign Contribution Limits: Monitor/Passed**

Oregon is one of a few states without limits on campaign contributions. The voters through the initiative process have passed campaign contribution limits in the past, but they have been invalidated by the Oregon Supreme Court in violation of the Free Speech Clause of the Oregon Constitution. SJR 18 refers to voters a constitutional amendment that would allow for campaign contribution limits, without proposing a specific policy. The 2020 and/or 2021 legislature will consider specific policy proposals.

**SB 1049 PERS Reform Monitor/Passed**

Oregon faces a $26 billion pension liability that is currently being paid down by ever-increasing required contributions from schools, cities, counties, state agencies and special districts. SB 1049 extends the repayment period for this PERS debt, generating short-term relief for government entities while pushing costs out into the future. The bill also requires employees to contribute between .75% and 2.5% of their salary to pay for their pension. Most experts consider the level of PERS reform contained in this bill to be minimal, although Oregon’s public employee unions are retaliating against legislators who supported it and are challenging the reforms in court.
## OAR Summary of Key 2019 Legislation

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On April 2, 2019 more than 800 REALTORS® descended on the capitol to meet with their legislators and promote homeownership and a thriving real estate industry. REALTORS® received lobbying training, discussed OAR’s legislative agenda with their elected representatives, met with the Governor, and received education about hot topics such as the recently passed rent control legislation. The dedication of our members is unmatched by any other industry group and is one of the reasons why REALTORS® maintain a strong influence at the capitol. REALTOR® Day is put on by OAR’s Political Affairs Key Committee.
RPAC
REALTORS® Political Action Committee (RPAC) is one of the strongest Political Action Committees in Oregon and the nation. There’s one reason for that: our members. REALTORS® recognize that an industry that shies away from politics is an industry whose future is unstable and uncertain. As this report shows, our industry is facing many threats and opportunities in the Oregon legislature. Your investment in RPAC helps to ensure that we have a seat at the table and the ability to influence important legislation. 2019 is RPAC’s 50th anniversary. Support your industry by investing today. Visit oregonrealtors.org/RPAC

How You Can Support OAR’s Legislative Success

Calls for Action (CFA) and Broker Involvement Program
During the legislative session OAR sends email and text messages asking members to contact their legislators about important legislation. We make it easy for you by crafting a draft message and connecting you directly with your legislators. You can boost REALTOR® influence in the capitol by participating in these calls for action. Sign up for text alerts to make it even easier. REALTORS® can sign up for REALTOR® Party Mobile Alerts by texting the word REALTORS® to 30644.

Managing Principle Brokers should sign up for the Broker Involvement Program which provides Managing Principle Brokers a quick and effective tool to rally Brokers on critical legislative issues affecting the real estate industry.

To get involved with any of these programs, contact OAR at info@oregonrealtors.org.

REALTOR® Day at the Capitol
Participate in REALTOR® Day at the Capitol and be part of an unparalleled show of force for homeownership and private property rights. Help us reach our goal of 1000 REALTORS® at the next REALTOR® Day in 2021.

Key Constituent Program
Have a good relationship with an Oregon legislator? Reach out to OAR’s Government Affairs Team about being part of our Key Constituent program. Key constituents commit to educate their legislator about REALTOR® issues, regularly contact them about pending legislation, and act as a liaison between their local REALTOR® community and their state legislator.

For more information on how to become involved in these and other OAR government and political affairs efforts, contact OAR at info@oregonrealtors.org.
For more information on legislation discussed in this document, including FAQ's please visit:

https://oregonrealtors.org/oregon-legislation/