

OFFICE OF THE SECRETARY OF STATE
TOBIAS READ
SECRETARY OF STATE

MICHAEL KAPLAN
DEPUTY SECRETARY OF STATE



ARCHIVES DIVISION
STEPHANIE CLARK
DIRECTOR

800 SUMMER STREET NE
SALEM, OR 97310
503-373-0701

NOTICE OF PROPOSED RULEMAKING INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 736
PARKS AND RECREATION DEPARTMENT

FILED

06/27/2025 6:33 AM
ARCHIVES DIVISION
SECRETARY OF STATE

FILING CAPTION: Updates to the Special Assessment of Historic Properties program

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 07/31/2025 5:00 PM

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

CONTACT: Katie Gauthier
503-510-9678
katie.gauthier@oprds.oregon.gov

725 Summer St. NE
Salem, OR 97301

Filed By:
Katie Gauthier
Rules Coordinator

HEARING(S)

Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 07/16/2025

TIME: 4:00 PM

OFFICER: Katie Gauthier

REMOTE HEARING DETAILS

MEETING URL: [Click here to join the meeting](#)

PHONE NUMBER: 503-510-9678

SPECIAL INSTRUCTIONS:

Please register prior to the hearing at: https://us06web.zoom.us/webinar/register/WN_3_MbeJwSRFat83fX3h6jPA

NEED FOR THE RULE(S)

The Special Assessment of Historic Properties program offers a 10-year property tax exemption for properties listed in the federal National Register of Historic Places. This is currently the only state historic preservation tax incentive program. The program began in 1975 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.

The state program closed to new applicants beginning July 1, 2024. Existing participants were allowed to continue participation in the program through the length of their term. The program was limited to properties listed on the National Register of Historic Places. Qualified property was specially assessed for 10 years, contingent upon execution of a preservation plan, and could have qualified for a consecutive second 10-year term if the preservation plan included significant investment in seismic upgrades, energy conservation, or disability access.

The Governor signed into law House Bill 3190 on May 28th, which reauthorizes the program as a 10-year benefit for commercial, income-producing historic properties. In addition to limiting eligible properties to improved real property used or held to produce income, the bill allows eligible property to have an unlimited number of consecutive or non-consecutive 10-year special assessment terms. HB 3190 sunsets the part of the program allowing for a consecutive

second 10-year term on July 1, 2031, for properties enrolled under earlier versions of the program.

To respond to program changes in the legislation, updates are necessary to the rules that guide program administration. The rulemaking is necessary to address areas not explicitly covered in statute and ensure the rules are in place before the application period opening on November 1, 2025. Revisions and additions include accurate definitions in alignment with existing federal and state laws and rules, a new section describing the application process, clearer owner and agency responsibilities, and explicit procedures for altering properties enrolled in the program and removing properties from the program for cause. The revised rule changes the appeals process for newly enrolled properties to a contested case process. Properties enrolled under earlier versions of the program continue to appeal staff decisions to the Historic Review Assessment Committee (HARC). House Bill 3190 allows the agency to set an application fee, previously established in law. The revised rule sets a program fee of one-third of one percent of the property's real market value.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE

HB 3190 <https://olis.oregonlegislature.gov/liz/2025R1/Downloads/MeasureDocument/HB3190/Enrolled>

STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT RACIAL EQUITY IN THIS STATE

People want to feel connected to the place they call home. The special assessment for Historic Properties program helps to encourage or incentivize commercial redevelopment or revitalization throughout Oregon.

The State Historic Preservation Office has been intentional about working with community whose stories have not always been told to create critical partnerships to acknowledge Oregon's diverse history. Increasing the number of commercial buildings on the National Registry of Historic Properties owned by diverse communities will increase the eligible applicants for this program.

FISCAL AND ECONOMIC IMPACT:

OPRD administers the State Historic Preservation Office, which oversees the Special Assessment for Historic Properties program. Program reauthorization failed in the 2023 legislative session, so new applications have not been processed since then. The reauthorized program will apply for income-producing property only and re-engage with new applicants. The biennial budget for this program in 23-25 is \$4.1M. Revenues for this program come from application fees and lottery funding. Current application fees are equal to .1% of the assessed value of the property as of the assessment date, or for properties without an assessed value, .1% of the real market value multiplied by the ratio of the average maximum assessed value over the average real market value for that tax year of property in the same area and property class. Collected revenues offset the total program administration cost, but the program is mostly funded through lottery funds.

The newly approved statute allows the State Historic Preservation Officer to establish the application fee for commercial property owners seeking classification and special assessment as historic property. This fee is intended to offset the cost of operations of the program.

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

(1) Oregon Parks and Recreation Department, local counties and members of the public who apply for the program

could be economically affected by the rules. (2) (a) only small businesses who apply for this tax incentive would be subject to this rule, it is unknown how many that would be, but it could be any type. (b) small businesses who apply for the tax incentive would be subject to the same reporting, recordkeeping and administrative activities as all participants which can include development of a preservation plan and annual reporting. (c) none.

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

Agency staff sought comment on draft rules from interested groups and individuals, some included members of small businesses who may be impacted by the proposed rule changes.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? NO IF NOT, WHY NOT?

Agency staff sought comment on draft rules from interested groups and individuals. Contacted parties include the Oregon Department of Revenue, all 36 county assessors, current Historic Review Assessment Committee (HARC) members, the League of Oregon Cities, the Association of Oregon Counties, over 200 communities participating in the Oregon Main Street program or the federal Certified Local Government program, and nonprofit advocacy groups including Restore Oregon, the Architectural Heritage Center, and the Lower Columbia Preservation Society. Outreach also included professional organizations such as the Oregon State Chamber of Commerce, Oregon Realtors, Oregon Home Builders Association, and the Oregon Small Business Association. ORPD requested comments through the Oregon Heritage News email newsletter and mailed notice to each of the nine federally recognized Tribes in Oregon and requested comment.

RULES PROPOSED:

736-050-0001, 736-050-0100, 736-050-0105, 736-050-0111, 736-050-0112, 736-050-0120, 736-050-0125, 736-050-0135, 736-050-0140

AMEND: 736-050-0001

RULE SUMMARY: Outlines the purpose and policy, changes update language around the policy.

CHANGES TO RULE:

736-050-0001

Procedural Rules: Authority, Purpose and Policy ¶¶

(1) Authority: The authority for this ~~rule~~division is granted to the State Historic Preservation Officer in accordance with ORS 358.545.¶

(2) Purpose: These rules clarify the statutory requirement for participation in the Special Assessment ~~of~~for Historic Property ~~p~~Program as provided in ORS 358.480 to 358.545.¶

(3) Policy: ~~One of t~~The goals of the State Historic Preservation Officer ~~is~~are to maintain, preserve and rehabilitate ~~properties of Oregon historical significance through historic preservation~~historic properties through incentive programs; ~~thereby creating a positive partnership between the public good and private property that~~at foster public-private partnerships to preserve Oregon's shared cultural heritage for the benefit and education of the public, and to promotes economic development, and tourism, energy and resource conservation, neighborhood, downtown, and rural revitalization, efficient use of public infrastructure, and civic pride in our shared historical and cultural foundationscommunity revitalization, resource conservation, public infrastructure efficiency, and sustainability.

Statutory/Other Authority: ORS 358.545

Statutes/Other Implemented: ORS 358.480 - 358.545

AMEND: 736-050-0100

RULE SUMMARY: changes add an s to provides

CHANGES TO RULE:

736-050-0100

Special Assessment of Historic Property ¶

ORS 358.480 to 358.545 provides the process for applying for a special assessment of historic property.

Statutory/Other Authority: ORS 358.545

Statutes/Other Implemented: ORS 358.487

AMEND: 736-050-0105

RULE SUMMARY: Updates definitions including adding definition for commercial property and owner.

CHANGES TO RULE:

736-050-0105

Definitions ¶

As used in this division, unless the context requires otherwise:¶

(1) "Continuing Qualification Review" means a review of a historic property's special assessment by ~~SHPO~~the SHPO on its own initiative or in response to a request by a county assessor, local landmark commission or governing body to determine if the historic property continues to qualify for a special assessment.¶

(2) "Commercial Property" has the meaning provided in ORS 358.480(1)(3).¶

(3) "National Register" means the National Register of Historic Places maintained by the United States Department of the Interior.¶

~~(3) "Preservation Plan" is defined and administered by the National Park Service, which is the national list of historic properties significant in American history, architecture, archaeology, engineering, and culture. ¶~~

(4) "National Register nomination form" has the meaning provided in 36 CFR § 60.3(i) (2020).¶

(5) "Owner" has the meaning provided in ORS 358.480(7).¶

(6) "Preservation Plan" has the meaning provided in in ORS 358.480(160).¶

~~(47) "SHPO" means the Oregon State Historic Preservation Office"~~ (Oregon SHPO) means an office of the Oregon Parks and Recreation Department (OPRD).¶

~~(8) "State Historic Preservation Officer appointed by the Governor pursuant to ORS 358.565 or" (SHPO) means the Director of the Oregon Parks and Recreation Department and the State Historic Preservation Office; depending on the context, fined in ORS 358.565~~

Statutory/Other Authority: ORS 358.545

Statutes/Other Implemented: ORS 358.480

ADOPT: 736-050-0111

RULE SUMMARY: Adds rule for application of special assessment program

CHANGES TO RULE:

736-050-0111

Application for the Special Assessment of Historic Property Program

- (1) ORS 358.480 to 358.545 provides the process for applying for a special assessment of historic property.¶
 - (2) The Oregon SHPO must accept applications for the Special Assessment for Historic Property Program from November 1 of the year prior to the tax year in which the historic property will be specially assessed, through the last day of February of the effective tax year.¶
 - (3) An owner of property granted historic property special assessment may reapply for another term of special assessment. Subsequent terms are unlimited and may be consecutive. ¶
 - (4) Following approval of a complete application for classification and assessment under ORS 358.480 to 358.545, the Oregon SHPO must process the application once it receives a nonrefundable fee equal to one-third of one percent of the property's real market value as of the assessment date for the application year during the application period defined in section (2).¶
 - (5) The Oregon SHPO must notify the applicant, governing body, and county assessor of its decision to approve or deny an application for the Special Assessment for Historic Property program under ORS 358.490 in writing and record its decision as described in ORS 358.495 subsection (1) through subsection (4).
- Statutory/Other Authority: ORS 358.480 to ORS 358.545
- Statutes/Other Implemented: ORS 358.480 to ORS 358.545

AMEND: 736-050-0112

RULE SUMMARY: outlines requirements for owner expenditures. Updates outline documentation requirements.

CHANGES TO RULE:

736-050-0112

Requirement for Owner Expenditure ¶

(1) Under ORS 358.487(2)(a)(A), the ~~ten (10)~~ percent expenditure requirement ~~can~~ may include the market value of donated materials, labor and/or services, provided the SHPO is satisfied there is legitimate justifieservices, and professional labor. Nonprofessional volunteer labor may also be included and must be valued at the state minimum wage.¶

(2) An owner of specially assessed historic property must submit documentation to the Oregon SHPO to demonstrate that the ten (10) percent expenditure requirement is met, including the date, description, and provider details (name, address, and contact information) for the values claimedall materials, services, and labor. The documentation must demonstrate compliance with the Preservation Plan.

Statutory/Other Authority: ORS 358.545

Statutes/Other Implemented: ORS 358.487

AMEND: 736-050-0120

RULE SUMMARY: Outlines responsibilities of owners and SHPO. Changes include requiring property insurance and display of national registry plaque.

CHANGES TO RULE:

736-050-0120

Owner and SHPO Responsibilities ¶

~~(1) An owner of specially-assessed property is responsible for historic property must maintaining the property in good condition. Noticeable deterioration of a property, or a failure to complete rehabilitation or other work required in a Preservation Plan during the time period designated, unless otherwise amended, may be sufficient cause for the SHPO to seek mandatory remedial action, being structurally stable, weathertight, protected from deterioration, secured from unauthorized entry, and in compliance with state and local building codes and ordinances. ¶~~

~~(2) An owner of specially assessed historic property must provide the Oregon SHPO with the names of contact persons and/or to initiate removal of the property's special assessment pursuant to OAR 736-050-0135 the contact persons current mailing addresses and contact information, including email addresses and phone numbers. ¶~~

~~(23) An owner of specially assessed property is responsible for providing the SHPO historic property must notify the SHPO within 30 days of recording any change in ownership with a current mailing address and other contact information the county assessor. ¶~~

~~(4) An owner of specially assessed historic property must obtain and maintain property insurance as required under ORS 358.487 (2)(d). ¶~~

~~(35) The SHPO shall must monitor owner compliance with program requirements by requesting such information from owners as is directly related to matters set forth described in ORS 358.475 to 358.545 and in this division. If an owner does not respond to the request by providing the required information within the specified time, the SHPO may seek mandatory remedial action and/or, initiate removal of the property's special assessment pursuant to OAR 736-050-0135, or both. ¶~~

~~(46) Participants who entered the program prior to September 25, 2009 ¶~~

~~(a) Must submit Preservation Plan updates to the SHPO in the 5th, 10th, sixth and 14th ninth year of the 150-year benefit period in lieu of the reporting schedule in ORS 358.500(1); and ¶~~

~~(b) Are exempt from the requirement to submit a report by the end of the fifth year demonstrating compliance with the expenditure commitment under the Preservation Plan as described in ORS 358.487(2)(a). ¶~~

~~(7) The SHPO must provide the owner a plaque that the owner must install on the specially assessed historic property as described in ORS 358.495(2)(c) ¶~~

~~(a) The plaque must be installed in a non-destructive manner based on the SHPO's advice ¶~~

~~(b) The owner must maintain the plaque in good condition throughout the 10-year benefit period. The owner must replace the plaque at the owner's expense if it is lost, stolen, or vandalized. The SHPO must replace the plaque if it deteriorates due to poor quality or natural weathering. ¶~~

~~(c) The owner must submit a photo demonstrating that the plaque is installed as described in ORS 358.495(2)(c) when submitting written progress reports as described in ORS 358.500(1)(a).~~

Statutory/Other Authority: ORS 358.545

Statutes/Other Implemented: ORS 358.480, 358.500, 358.515

AMEND: 736-050-0125

RULE SUMMARY: Addresses process for changing and alterations to historic property approved for special assessment, changes include requirements around the documents program participants must provide to SHPO and local landmarks commissions.

CHANGES TO RULE:

736-050-0125

Changes and Alterations to Properties Approved for Special Assessment ¶

~~(1) Pursuant to ORS 358.565, the SHPO delegates special assessment application and~~ The SHPO must rely on the expertise of qualified staff in making program design review approval authority to the Deputy State Historic Commissions. ¶

~~(2) The governing body or landmark commission approved by the SHPO for conducting historic resource review must: ¶~~

~~(a) Have a historic Preservation Officer (DSHPO). The DSHPO shall rely on the expertise of qualified staff in making program decisions ordinance or adopted historic design guidelines based on the historic rehabilitation standards, as defined in ORS 358.480(5); and ¶~~

~~(b) Demonstrate expertise interpreting and implementing the historic rehabilitation standards for preservation, restoration, rehabilitation, and reconstruction, maintained by the United States Secretary of the Interior, National Park Service. ¶~~

~~(23) Owners shall~~ An owner must apply in writing on forms provided by the Oregon SHPO or and the governing body, whichever is appropriate, for review and for review and receive from the SHPO and governing body written approval before undertaking any work on specially-assessed historic property. ¶

~~(34) Additional material may~~ The owner must provide additional material as required by the Oregon SHPO and the governing body and local landmark commission, including photos, drawings, as well as product and work descriptions. ¶

~~(4) A change permissible in one circumstance does not necessarily constitute justification or a precedent for a similar change in another circumstance. The SHPO shall, and any other necessary materials for the administration of the Special Assessment for Historic Property Program. ¶~~

~~(5) The SHPO, governing body, and local landmark commission evaluate each proposed changes on a case-by-case basis. ¶~~

~~(5) Gov. considering bodies approved by the SHPO for conducting historic reviews must have: ¶~~

~~(a) A historic preserv~~ the historic property's character-defining features as they relate to its historic significance described in the National Register of Historic Places nomination ordinance or historic design guim. If a nomination form is unavailable or lacks sufficient detail the SHPO must defines based on the historic rehabilitation standards, as defined in ORS 358.480(12); and ¶

~~(b) Demonstrated expertise interpreting and implementing the historic rehabilitation standa~~ the property's character-defining features. ¶

~~(6) The governing body or local landmark commission must provide the SHPO with a 14-day comment period and document in writing their decision, including response to the SHPO's recommendations, with justification for accepting or rejecting them. The SHPO's comments must be included in the public records. ¶~~

~~(67) GA governing bodies shall address in their decision-making process, and in the written record of their decision, y and local landmark commission's approval under section (6) is invalid if it fails to comply with local ordinances or state land-use laws, or the governing body and local landmark commission do not provide the SHPO an opportunity to comment or do not consider anyd recommendations provided to them by the SHPO as part of its review, including justification for either accepting or rejecting those recommendationssspond to the SHPO's comments in the public record as required in subsection (6). ¶~~

~~(8) An owner may apply to the SHPO to amend the Preservation Plan at any time. An amendment to the Preservation Plan allowed in one instance is not justification for similar amendments for the same or similar specially assessed historic property. The SHPO must notify the applicant, governing body, local landmark commission and county assessor in writing of the decision to approve or deny a change to the Preservation Plan within 30 days of receiving the owner's request to amend the Preservation Plan.~~

Statutory/Other Authority: ORS 358.545

Statutes/Other Implemented: ORS 358.487, 358.490, 358.565

AMEND: 736-050-0135

RULE SUMMARY: Outlines the process for removing a property from the special assessment program. Changes include adding conditions for when a property may be removed.

CHANGES TO RULE:

736-050-0135

Removal of Special Assessments ¶¶

(1) The SHPO may ~~investigate a property's~~ conduct a continuing qualification review for a specially assessed historic property by its own initiative or at the request of other parties as described in ORS 358.509. ¶

(2) ~~The SHPO may~~ will contact the ~~property owner informally~~ owner to determine the ~~basic~~ merits of the concerns. ¶

(23) ~~If changes to the property have been~~ the local governing body or local landmark commission approved by the local governing body ~~changes to the historic property in accordance with ORS 358.500(4) and those changes are part of the approved Preservation Plan, then the SHPO cannot~~ will neither disqualify the property, ~~and no further investigation will be pursued nor investigate further. The SHPO may remove a historic property when the governing body does not meet the provisions of OAR 736-050-0125 (6), (7) and (8).~~ ¶

(34) ~~If, in the opinion of SHPO, SHPO believes that further investigation is warranted, the SHPO shall~~ will contact the ~~property owner in a timely manner~~ owner by certified letter ~~to~~ and request a report as authorized by ORS 358.500(3), and, if deemed appropriate, a site inspection. The letter ~~shall~~ must include: ¶

(a) Property identification; and ¶

(b) Reason for request of information; and ¶

(c) Request for a detailed response; and ¶

(d) Information on appeal process. ¶

(45) ~~The property owner must submit a written response to the SHPO within 30 days of receipt of the letter that addresses all of the issues outlined in the letter identified issues. Failure to respond or to fully address all of the issues may be grounds for result in disqualification of from the property from a Special Assessment.~~ ¶

(5) ~~for Historic Property Program.~~ ¶

(6) The SHPO ~~shall~~ must respond to the ~~property owner's report in writing within 360 days with one of the following determinations:~~ ¶

(a) ~~Continues to qualify;~~ ¶

(b) ~~Continues to qualify with conditions (if the conditions are not met within the specified time, SHPO may initiate disqualification without further notice); or~~ ¶

(c) ~~No longer qualifies~~ calendar days from the initiation of a continuing qualification review as described in ORS 358.509 with one of the following determinations: ¶

(a) The historic property continues to qualify for participation in the Special Assessment for Historic Property Program; or ¶

(b) The historic property continues to qualify for participation in the Special Assessment for Historic Property Program with conditions; or ¶

(c) The historic property no longer qualifies for participation in the Special Assessment for Historic Property Program. ¶

(7) When applying conditions for continued participation in the Special Assessment for Historic Property program, the SHPO will define the conditions and how the owner must demonstrate how they are met and specify a date not less than 90 days from the date of the SHPO's written response to the owner's report that the conditions must be met. The SHPO may remove the historic property from the Special Assessment for Historic Property program without further notice if the conditions are not met by the specified date. ¶

(68) ~~The determination by SHPO shall be in writing and shall be sent to the property~~ SHPO must make and send a written determination to the owner, the county assessor, and the governing body and local landmarks commission. ¶

(79) ~~A property owner may appeal the SHPO determination~~ The SHPO may remove a historic property from the Special Assessment for Historic Property Program when: ¶

(a) The historic property becomes disqualified for special assessment as described in ORS 358.515(1)(a) to (k); or ¶

(b) Alterations to the Historic Assessment Review Committee (HARC) (ORS 358.511) in accordance with the appeal process described in OAR 736-050-0140 property result in the property losing the characteristics that made it eligible for listing in the National Register of Historic Places and the property is removed from the National Register. ¶

(c) Noticeable deterioration of a historic property or failure to maintain the property in good condition as described in Owner and SHPO Responsibilities, OAR 736-050-0120(1); or¶

(d) Failure to complete rehabilitation or other work required in the Preservation Plan during the time period designated, unless otherwise amended; or¶

(e) An owner does not respond to requests from the SHPO for additional information related to the administration of the Special Assessment for Historic Property Program by providing the required information within the specified time.

Statutory/Other Authority: ORS 358.545

Statutes/Other Implemented: ORS 358.500, 358.509, 358.515, 358.525

AMEND: 736-050-0140

RULE SUMMARY: Outlines appeal process. Changes appeal from the Historic Assessment Review Committee to the contested case process.

CHANGES TO RULE:

736-050-0140

Appeal Process ¶

~~(1) The Historic Assessment Review Committee (HARC) is the appeals body for all decisions made by the SHPO. An owner of historic property enrolled in the Special Assessment for Historic Property Program prior to July 1, 2024, may appeal all decisions made by the SHPO to the Historic Assessment Review Committee (HARC). The HARC will must establish and may amend procedures for an appeal.¶~~

~~(2) An owner may appeal a ruling by requesting a contested case hearing pursuant to the provisions of ORS 183.411 to 183.425 and 183.440 to 183.470. A contested case hearing request must be filed no later than 30 calendar days after the date a decision is served by the HARC at a noticed public hearing, effective at the body's next public hearing.¶~~

(2) An owner of property applying for or historic property enrolled in the Special Assessment for Historic Property Program after July 1, 2025, may appeal all decisions made by the SHPO as a contested case under the provisions of ORS 358.495(5).

Statutory/Other Authority: ORS 358.545

Statutes/Other Implemented: ORS 358.545