MEASURE: HB 2543-2
EXHIBIT: 4
HOUSE REVENUE COMMITTEE
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SUBMITTED BY: CHRISTINE BRONIAK

REVENUE IMPACT OF PROPOSED LEGISLATION

Seventy-Sixth Oregon Legislative Assembly
2011 Regular Session
Legislative Revenue Office

Bill Number: HB 2543 - 2
Revenue Area: Property Tax
Economist: Christine Broniak
Date: 4/22/11

Measure Description:

Increases interest rate on amounts of property taxes advanced to counties for tax-deferred property to eight percent per annum.

Revenue Impact (in $Millions):

	2011-13	2013-15
Department of Revenue Senior and Disabled Deferral Account affecting County and Local Tax Revenues	$9.5	$11.1

Impact Explanation: The measure includes a number of substantive and technical changes to limit participation in the senior and disabled property tax deferral program. The measure includes changes to participation requirements, limits on real market value, periodic recertification of income, and a change from simple interest to compound interest. Other changes in the measure include the removal of allocation for Oregon Project Independence if the amount in the account exceeds $5 million or 35 percent of the amount needed to make payments to counties for that year.

The revenue impact of this change will depend on the amount in the account, including any money borrowed from the treasury to achieve solvency of the program. This change will allow cash reserves to be built up to meet future demand for payments. The size of this impact will depend on the amount in the account.

Changes to exclude some program participants based on real market value are expected to reduce property tax payments by the following amounts:

2011 - $3,614,155
2012 - $3,974,983
2013 - $4,298,857
2014 - $4,562,668

These have been adjusted for reductions in taxpayer repayments due to excluding those individuals with real market values that exceed the limit.

The measure requires a recertification of participant income every two years to ensure that it remains below the limit. It is anticipated that this will result in a participant reduction of 2.5% in the first two years, with a 1% reduction thereafter. Revenue impacts of this change are:

2011 - $604,888
2012 - $669,323
2013 - $267,036
2014 - $255,318

These values have been adjusted for reductions in repayments that would result from excluding these individuals who exceed the income requirements.

The measure has a requirement that individuals be in their home for 5 years before applying for the program. It is estimated that 6% of new applicants would be restricted due to this requirement. Revenue impacts of this change are:

2011 - $150,190
2012 - $466,400
2013 - $726,357
2014 - $955,998

The measure also changes interest rates from 6% simple interest to 6% compound interest. Revenue impacts from this change are anticipated to be small in the near term, but larger as time progresses.

2011 - $0
2012 - $6,185
2013 - $15,222
2014 - $41,361

There are technical changes in the measure that enable the Department of Revenue to use more means for collection of accounts that become delinquent. Insofar as these would increase the collection of unpaid deferred debt, these changes increase revenues. The revenue impact of the changes is expected to be minimal.

Creates, Extends, or Expands Tax Expenditure: Yes ☐ No ☒