

**76TH OREGON LEGISLATIVE ASSEMBLY
2012 Regular Session
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE**

**MEASURE: HB 4039 - A
CARRIER: Rep. Barnhart
Rep. Berger**

REVENUE: Revenue Impact Statement Issued

FISCAL: Minimal Fiscal Impact, no Statement Issued

Action: Do Pass as Amended and be Printed Engrossed

Vote: 8-0-0

Yeas: Bailey, Bentz, Brewer, Gelsner, Read, Wand, Barnhart, Berger

Nays: 0

Exc.: 0

Prepared By: Christine Broniak, Economist

Meeting Dates: 2/3, 2/6

WHAT THE BILL DOES: Requires financial institution to notify potential borrower of prohibition against pledging tax deferred homestead as security for reverse mortgage. Allows taxpayer to elect to credit payments to deferred taxes payable as result of determination of ineligibility. Specifies classification of homesteads for purposes of determining county median RMV. Requires Department of Revenue to certify eligibility for deferral not less than once every three years but in a flexible manner. Requires department to report to interim committee regarding claim form for homestead property tax deferral program for property tax year beginning on July 1, 2012.

ISSUES DISCUSSED:

- Reverse mortgage reprieves

EFFECT OF COMMITTEE AMENDMENTS: Broadens the notification requirement of the prohibition against pledging tax deferred homesteads as securities for reverse mortgages to all lenders, rather than only to financial institutions as defined in ORS 706.008. Removes the reference to the Fair Trade Practices Act. Extends a two year reprieve to existing program participants who were disqualified solely due to having a reverse mortgage and who had completed their recertification paperwork for the 2011-12 tax year's payment. Allows them to continue to participate in the program for the 2011-12 and 2012-13 tax year. Directs the Department of Revenue to pay the property taxes for 2011-12 tax year to assessors and directs assessors to refund the money to the taxpayers. Requires the Department of Revenue to conduct a survey of participants to gather socioeconomic information. Requires the survey form to be developed in consultation with the Legislative Revenue Officer and presented to the interim Legislative Assembly revenue committees for approval.

BACKGROUND: House Bill 2543, passed in the 2011 Regular Legislative Session, made a number of changes to the Senior and Disabled Property Tax Deferral program to restore solvency of the program's funds. It added maximum income requirements that were broader, real market value limits on the homes of program participants, a requirement that homeowners be in their homes for 5 years prior to participation, and a number of other requirements including a prohibition on participation for those who had pledged their homes as security for a reverse mortgage. A two-year delay in the implementation of the law prohibiting reverse mortgages for participants is one proposed solution to financial hardship that may have been caused by this decision.

**State Capitol Building
900 Court St NE, Room 143
Salem, OR 97301-1347**

**Phone: 503-986-1266
Fax: 503-986-1770
<http://www.leg.state.or.us>**