

**HB 2452 A STAFF MEASURE SUMMARY**

**Carrier:** Rep. Findley

**House Committee On Revenue**

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**Action Date:** 05/08/19

**Action:** Do pass with amendments. (Printed A-Eng.)

**Vote:** 7-0-0-0

**Yeas:** 7 - Findley, Hernandez, Marsh, Nathanson, Reschke, Smith G, Smith Warner

**Fiscal:** Fiscal impact issued

**Revenue:** Revenue impact issued

**Prepared By:** Jaime McGovern, Economist

**Meeting Dates:** 2/20, 3/14, 5/8

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**WHAT THE MEASURE DOES:**

For purposes of eligibility of property for homestead property tax deferral program, creates floor of \$250,000 for maximum allowable real market value of homestead. Directs Department of Revenue to adjust maximum allowable real market value floor annually according to change in Consumer Price Index. Makes changes applicable to tax years beginning on or after July 1, 2019.

**ISSUES DISCUSSED:**

- Real market value threshold potentially confusing in that it is a minimum maximum amount.
- Deferral program's limit on the number of new applicants.
- While limit on new applicants exists, number of annual new applicants has been well below the limit.
- Description of process that would take place if number of new applicants exceeds annual cap.
- Collection rate of deferred balances, ability of Department of Revenue to recapture deferred balance outstanding.
- Potential costs associated with collecting deferred balance.

**EFFECT OF AMENDMENT:**

Establishes late filing deadline and pathway for late filing. Establishes late filing fee. Establishes approval process once cap is reached. Provides sharing arrangement for collected delinquent interest. Extends sunset to 2031.

**BACKGROUND:**

The senior and disabled homestead property tax deferral program allows qualified senior or disabled individuals to borrow from the State of Oregon to pay their property taxes. If an individual qualifies for the program, the Oregon Department of Revenue pays the individual's county assessed property taxes on November 15 of each year. A lien is then placed on the property and DOR becomes a security interest holder. Upon disqualification or cancellation from the program, the deferred tax, interest, and fees must be repaid in full before the lien or security interest on the property is released.

To qualify for the deferral program, the real market value (RMV) of the home must be less than specified RMV limitations. The limitations are specific to the county in which the property to be deferred resides and are based on the median value of residential homes in the county. The RMV limits are calculated as a function of years in which taxpayer has resided in the home, with RMV limits increasing as number of years in home increases.