

House Bill 2103

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor Kate Brown for Department of Revenue)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Repeals sunset of homestead property tax deferral program. Authorizes late filing of claim for deferral with payment of late fee. Modifies determination of maximum number of new claims allowable for property tax year. Requires timely and late-filed claims to establish eligibility as of April 15 of year in which claim is filed. Modifies requirement that, upon receipt of deed to homestead after foreclosure, county treasurer pay to Department of Revenue interest accrued on amount of deferred taxes.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to the homestead property tax deferral program; creating new provisions; amending ORS
3 311.670, 311.672 and 311.694 and section 24, chapter 723, Oregon Laws 2011; and prescribing an
4 effective date.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1.** Section 24, chapter 723, Oregon Laws 2011, as amended by section 31, chapter 723,
7 Oregon Laws 2011, is amended to read:

8 **Sec. 24.** (1) The amendments to ORS 305.612, 311.356, 311.666, 311.668, 311.670, 311.672, 311.676,
9 311.679, 311.681, 311.684, 311.686, 311.688, 311.689, 311.691, 311.693, 311.695, 311.700, 311.701, 314.430
10 and 410.422 by sections 1 to 4, 6 to 18, 20, 21 and 29, **chapter 723, Oregon Laws 2011**, [of this 2011
11 Act] apply to property tax years beginning on or after July 1, 2011.

12 (2) The amendments to ORS 311.674 by section 5, **chapter 723, Oregon Laws 2011**, [of this 2011
13 Act] apply to interest that accrues on taxes advanced to counties for tax-deferred property for
14 property tax years beginning on or after July 1, 2011.

15 [(3) A claim for an initial year of deferral, or for continued deferral, under ORS 311.666 to 311.701
16 may not be filed on or after April 16, 2021, and deferral may not be granted for a property tax year
17 beginning after July 1, 2021.]

18 **SECTION 2.** ORS 311.672 is amended to read:

19 311.672. (1)(a) A taxpayer's claim for deferral under ORS 311.666 to 311.701 must:

20 (A) Be in writing on a form supplied by the Department of Revenue;

21 (B) Describe the homestead;

22 (C) Recite all facts establishing the eligibility, **as of April 15 of the year in which the claim**
23 **is filed**, of the homestead for, and of the taxpayers to claim, the deferral; and

24 (D) Have attached:

25 (i) Any documentary proof required by the department; and

26 (ii) A statement verified by a written declaration of all taxpayers claiming deferral to the effect
27 that the statements contained in the claim are true.

28 (b) The claim for deferral must be filed with the assessor of the county in which the homestead

NOTE: Matter in **boldfaced** type in an amended section is new; matter [italic and bracketed] is existing law to be omitted. New sections are in **boldfaced** type.

1 is located, after January 1 and on or before April 15 immediately preceding the property tax year
 2 for which deferral is claimed.

3 **(c) Notwithstanding paragraph (b) of this subsection, a claim for deferral may be filed**
 4 **with the county assessor after April 15 immediately preceding the property tax year for**
 5 **which deferral is claimed and on or before December 1 of the same property tax year. A**
 6 **claim filed under this paragraph must be accompanied by a fee in an amount equal to 10**
 7 **percent of the property taxes assessed on the homestead on the last certified assessment and**
 8 **tax roll, but in no event less than \$20 or greater than \$150.**

9 (2) The county assessor shall forward each claim filed under this section to the department, and
 10 the department shall determine whether the property is eligible for the deferral.

11 (3) If the taxpayers and the homestead are determined to be eligible under ORS 311.668 and
 12 311.670, respectively, a timely claim for deferral has the effect of:

13 (a) Deferring the payment of the property taxes levied on the homestead for the property tax
 14 year beginning on July 1 of the year in which the claim is filed.

15 (b) Continuing the deferral of the payment by the taxpayers of any property taxes deferred under
 16 ORS 311.666 to 311.701 for previous years that have not become delinquent under ORS 311.686.

17 (c) Except as otherwise provided in ORS 311.689, continuing the deferral of the payment by the
 18 taxpayers of any future property taxes for as long as the homestead remains eligible for, and the
 19 taxpayers remain eligible to claim, the deferral.

20 (4)(a) Notwithstanding subsection (3) of this section:

21 (A) For the property tax year beginning on July 1, 2012, the maximum number of claims for
 22 deferral under ORS 311.666 to 311.701 that may be granted to taxpayers who have not previously
 23 been granted deferral is the number of such claims granted for the property tax year beginning on
 24 July 1, 2011, multiplied by 105 percent.

25 (B) For each property tax year beginning after July 1, 2012, the maximum number of claims for
 26 deferral that may be granted to taxpayers who have not previously been granted deferral is the
 27 maximum number determined under this subsection for the immediately preceding property tax year
 28 multiplied by 105 percent.

29 (b) For purposes of paragraph (a) of this subsection, spouses who continue deferral under ORS
 30 311.688 are not considered taxpayers who have not previously been granted deferral.

31 (c) If the number of eligible claims described in paragraph (a) of this subsection **that are filed**
 32 **on or before the deadline set forth in subsection (1)(b) of this section** exceeds the maximum
 33 number determined under paragraph (a) of this subsection, **the** claims shall be granted in ascending
 34 order based on the ratio that is equal to the real market value of the homestead entered on the last
 35 certified assessment and tax roll divided by the county median RMV of the homestead determined
 36 under ORS 311.670 (6), until the maximum number determined under paragraph (a) of this subsection
 37 is reached.

38 **(d) If the maximum number of claims determined under paragraph (a) of this subsection**
 39 **has not been filed on or before the deadline set forth in subsection (1)(b) of this section, el-**
 40 **igible claims described in paragraph (a) of this subsection that are filed on or before the**
 41 **deadline set forth in subsection (1)(c) of this section shall be granted in chronological order**
 42 **based on the filing date until the maximum number is reached. If more claims described in**
 43 **this paragraph are filed on a date than the maximum number allowable, all claims filed on**
 44 **that date shall be denied deferral for that property tax year.**

45 (5) Any taxpayer aggrieved by the denial of a claim for, or discontinuation of, deferral under

1 ORS 311.666 to 311.701 may appeal in the manner provided by ORS 305.404 to 305.560.

2 **SECTION 3.** ORS 311.694 is amended to read:

3 311.694. (1) At the time that the property is deeded over to the county at the conclusion of the
 4 foreclosure proceedings pursuant to ORS 312.200 the county court shall order the county treasurer
 5 to pay to the Department of Revenue from the unsegregated tax collections account the amount of
 6 **uncollected** deferred taxes [*and interest which were not*] **and any interest that accrued prior to**
 7 **August 15 of the year in which the deferred taxes first became delinquent, or that accrues**
 8 **after the property is deeded to the county, and that has not been** collected.

9 (2) Immediately upon payment, the county treasurer shall notify the tax collector of the amount
 10 paid to the department for the property which has been deeded to the county pursuant to ORS
 11 312.200.

12 **SECTION 4.** ORS 311.670 is amended to read:

13 311.670. (1) Property is not eligible for tax deferral under ORS 311.666 to 311.701 unless, at the
 14 time a claim is filed and during the period for which deferral is claimed, the property meets the
 15 requirements of this section.

16 (2)(a) The property for which the claim is filed must have been the homestead of the individual
 17 or individuals who file the claim for deferral for at least five years preceding April 15 of the year
 18 in which the claim is filed, except for an individual required to be absent from the homestead by
 19 reason of health.

20 (b) The five-year requirement under paragraph (a) of this subsection does not apply to a home-
 21 stead that meets all other requirements of this section, if the individual or individuals filing the
 22 claim for deferral:

23 (A) Moved to the homestead for which the claim is filed from a homestead that was granted
 24 deferral under ORS 311.666 to 311.701 and was of greater real market value than the homestead for
 25 which the claim is filed;

26 (B) Sell the prior homestead within one year of purchasing the homestead for which the claim
 27 is filed;

28 (C) Satisfy any lien created under ORS 311.673 or 311.679 and attached to the prior homestead;
 29 and

30 (D) Provide a written attestation that the individual or individuals incurred debt for not more
 31 than 80 percent of the purchase price of the homestead for which the claim is filed.

32 (3) The individual claiming the deferral, individually or jointly, must own the fee simple estate
 33 under a recorded instrument of sale, or two or more individuals together must own the fee simple
 34 estate with rights of survivorship under a recorded instrument of sale if all owners live in the
 35 property and if all owners apply for the deferral jointly.

36 (4)(a) The homestead must be insured for fire and other casualty.

37 (b) If the homestead meets all other requirements of this section and is insurable for fire and
 38 other casualty but not insured, the Department of Revenue may purchase insurance for the home-
 39 stead and add the cost of the insurance coverage to a lien created under ORS 311.679.

40 (5) There may be no prohibition to the deferral of property taxes contained in any provision of
 41 federal law, rule or regulation applicable to a mortgage, trust deed, land sale contract or conditional
 42 sale contract for which the homestead is security.

43 (6) A homestead is not eligible for deferral under ORS 311.666 to 311.701 if the real market value
 44 of the homestead entered on the [*last*] certified assessment and tax roll **for the property tax year**
 45 **immediately preceding the property tax year for which the claim is filed** is equal to or greater

1 than:

2 (a) 100 percent of county median RMV if, as of April 15 of the year in which a claim is filed,
3 the taxpayers have continuously owned and lived in the homestead less than seven years.

4 (b) 110 percent of county median RMV if, as of April 15 of the year in which a claim is filed,
5 the taxpayers have continuously owned and lived in the homestead at least seven years but less than
6 nine years.

7 (c) 120 percent of county median RMV if, as of April 15 of the year in which a claim is filed,
8 the taxpayers have continuously owned and lived in the homestead at least nine years but less than
9 11 years.

10 (d) 130 percent of county median RMV if, as of April 15 of the year in which a claim is filed,
11 the taxpayers have continuously owned and lived in the homestead at least 11 years but less than
12 13 years.

13 (e) 140 percent of county median RMV if, as of April 15 of the year in which a claim is filed,
14 the taxpayers have continuously owned and lived in the homestead at least 13 years but less than
15 15 years.

16 (f) 150 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the
17 taxpayers have continuously owned and lived in the homestead at least 15 years but less than 17
18 years.

19 (g) 160 percent of county median RMV if, as of April 15 of the year in which a claim is filed,
20 the taxpayers have continuously owned and lived in the homestead at least 17 years but less than
21 19 years.

22 (h) 170 percent of county median RMV if, as of April 15 of the year in which a claim is filed,
23 the taxpayers have continuously owned and lived in the homestead at least 19 years but less than
24 21 years.

25 (i) 200 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the
26 taxpayers have continuously owned and lived in the homestead at least 21 years but less than 23
27 years.

28 (j) 225 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the
29 taxpayers have continuously owned and lived in the homestead at least 23 years but less than 25
30 years.

31 (k) 250 percent of county median RMV if, as of April 15 of the year in which a claim is filed,
32 the taxpayers have continuously owned and lived in the homestead for 25 years or more.

33 **SECTION 5. (1) The amendments to ORS 311.672 by section 2 of this 2019 Act apply to**
34 **property tax years beginning on or after July 1, 2020.**

35 **(2) The amendments to ORS 311.694 by section 3 of this 2019 Act apply to orders for**
36 **payment issued on or after the effective date of this 2019 Act.**

37 **(3) The amendments to ORS 311.670 by section 4 of this 2019 Act apply to claims for**
38 **deferral filed on or after the effective date of this 2019 Act.**

39 **SECTION 6. This 2019 Act takes effect on the 91st day after the date on which the 2019**
40 **regular session of the Eightieth Legislative Assembly adjourns sine die.**

41