

Background

Since 1963, the senior and disabled citizens property tax deferral program has allowed qualifying Oregonians to stay in their homes by having the Department of Revenue pay their property taxes to the county in exchange for a lien on the property. The loan is due when the taxpayer moves, sells, or dies. There are nearly 5,000 active program participants, some active since the 1980s. Applicants qualify based on their income, as well as a property-value threshold. The department pays approximately \$13 million per year worth of property taxes under the program. The money is in an Other Funds revolving account with a current balance of approximately \$50 million. The account funds eight positions that support the program.

House Bill 2634A

Under current law, the deferral program would sunset for property tax years beginning July 1, 2021. This bill extends the program's sunset from 2021 to property tax years beginning July 1, 2032.

It also allows the surviving spouse or disabled heir of a program participant to remain in the home regardless of the five-year ownership and occupancy requirement, creates a statewide minimum cap on real-market value of qualifying homes to ease program requirements in rural counties, allows late filing with a late fee, eliminates a redundant income-reporting requirement, and relieves the county of responsibility for repaying delinquent interest to the Department of Revenue from the time a property is disqualified from the program to the time the county takes ownership of the property through tax foreclosure.

Recommendation

Without approval of HB 2634A, a legislative extension of the program sunset, the Department of Revenue would communicate with nearly 5,000 program participants that they would be responsible for their property tax payments beginning in 2022 and the department would be unable to assist the 300 to 700 additional applicant-homeowners that may be interested in the program each year in the future¹.

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¹ Estimate based on recent years' numbers of new applications.