

Background

The partial exemption of assessed value of property for certain disabled veterans in ORS 307.250 has been part of Oregon law in some form or another since 1921. HB 4066 would create an expanded exemption for certain veterans 65-years of age or more with 100 percent service-connected disabilities. The Department of Revenue suggests technical improvements to make the program easier to administer and easier for taxpayers to use.

- Section 14 makes the expanded property tax exemption effective for the property tax year beginning on or after July 1, 2022. With applications due April 1, county assessors will already have received applications from veterans by the time of the bill's effective date and will likely have to review all applications already processed to determine their eligibility for the expanded exemption. It may be helpful to seek views on this from the Oregon State Association of County Assessors. Solution: Change the date in Section 14 to July 1, 2023.
- The expanded property tax exemption in Section 11 is relevant to ORS 306.350 through ORS 306.353 that require state funding of new or expanded tax expenditures that are mandated on the counties. The legislature has never funded these statutes in the past. Solution: Make the bill effective "notwithstanding ORS 306.350 through ORS 306.353."
- To make the new exemption clearer and more user-friendly for taxpayers and assessors, it would help to add a definition of "homestead" in Section 11. This could pre-empt disputes about the definition. Solution: Copy the existing definition of "homestead" from the property tax deferral program in ORS 311.666(2) which follows.

"Homestead" means the owner occupied principal dwelling, either real or personal property, owned by the taxpayer and the tax lot upon which it is located. If the homestead is located in a multiunit building, the homestead is the portion of the building actually used as the principal dwelling and its percentage of the value of the common elements and of the value of the tax lot upon which it is built. The percentage is the value of the unit consisting of the homestead compared to the total value of the building exclusive of the common elements, if any.

- Section 12 draws attention to an existing technical problem in ORS 307.260(4)(A)(a) which, apparently inadvertently, makes it impossible for a surviving spouse to file a claim between April 1 and June 30 if their veteran spouse passed away during that period. Solution: Change that statute as follows.

ORS 307.260(4)(a) Notwithstanding subsection (1) of this section, a surviving spouse may file a claim for the exemption under ORS 307.250 at any time during the tax year if:

(A) The veteran died during the **current or** previous tax year; or

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