

Background

The “frozen assessed value” envisioned in the bill as drafted would be administered as a property tax special assessment under Oregon Constitution, Article XI, Section 11. The Department of Revenue has four technical suggestions to reconcile the bill with the constitution.

Administrative Topics

First, Section 1 of the bill creates the novel concept of a frozen-assessed value. To make that fit with Oregon Constitution, Article XI, derived from 1997’s Measure 50, it would be easier to implement if the bill would refer to that as a “special assessment,” and to add a new subsection 10 such as the following:

(10) For the first and each subsequent tax year for which property is assessed under this section, the property’s maximum specially assessed value shall equal the product of the frozen specially assessed value under subsection (2) of this section multiplied by the ratio, not greater than 1.00, of the maximum assessed value of the property for the applicable tax year under subsection (2) to the real market value of the property for the applicable tax year under subsection (2).

For the same reason, it would help to use the term “real market value” instead of “assessed value” in the first sentence of subsection 2, and to reference ORS 308.156(5) in subsection (9).

Second, the bill would be applicable to tax years beginning on or after July 1, 2023. Moving that to 2024 would give taxpayers the necessary time to apply before the April 15 deadline and would give DOR some time to stand-up the new program.

Third, the bill only applies to certain seniors who have been excluded from the senior citizens property tax deferral program due to having a reverse mortgage. We want to confirm that to be the intent of the bill, to help plan for implementation. See Section 1(3)(b).

Fourth, it is not clear whether the intent is for the participant to apply annually or just once. Also, if the intent is to include a broader group of seniors, not just those excluded from deferral by their reverse mortgage, the legislature may be able to reduce the fiscal impact to the state by having the counties process applications rather than DOR. Otherwise, DOR does not currently have the staffing level to implement this new program.

Agency Contact

Seiji T. Shiratori, Policy Director, Property Tax Division, Oregon Department of Revenue, email: seiji.shiratori@dor.oregon.gov, phone: 503-877-7932