

SB 387 STAFF MEASURE SUMMARY

Senate Committee On Veterans, Emergency Management, Federal and World Affairs

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Sub-Referral To: Senate Committee On Finance and Revenue

Meeting Dates: 1/28

WHAT THE MEASURE DOES:

The measure increases property tax breaks for disabled veterans and unmarried surviving spouses of veterans, and modifies eligibility for those tax breaks.

Fiscal impact: May have fiscal impact, but no statement yet issued

Revenue impact: May have revenue impact, but no statement yet issued

Detailed Summary

Modifies homestead or personal property tax exemptions:

- Increases exemption from \$15,000 to \$60,000 for veterans with a disability rating of 40 percent or more;
- Increases exemption from \$18,000 to \$65,000 for veterans with service-connected disability of 40 percent or more but less than 100 percent;
- Creates \$150,000 exemption for veterans with service-connected disability of 100 percent or with multiple service-connected disabilities which would add to over 100 percent; and
- Creates exemption for veterans with service-connected disability of 100 percent or with multiple service-connected disabilities which would add to over 100 percent, and who also meet the US Department of Veterans' Affairs criteria for unemployability, that the property will be 90 percent exempt if the assessed taxes exceed 14 percent of the resident's taxable income for the preceding tax year.

Defines "surviving spouse of a veteran" as a veteran's surviving spouse who has not remarried, and includes them as eligible for the above property tax breaks in specified circumstances. Establishes taxable income eligibility limits of \$120,000 for separate federal tax returns, and \$240,000 for joint federal tax returns, with limits to be adjusted for inflation. Requires individuals claiming exemptions to file income tax returns with the county assessor.

Directs county assessors to calculate property tax which would have been collected without the exemptions applying to disability ratings of 100 or above, and directs the Oregon Department of Veterans' Affairs to pay county treasurers that amount minus applicable discounts.

Applies Act to property tax years beginning on or after July 1, 2026. Takes effect 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Current statute allows veterans with disability status to claim homestead or personal property tax exemptions. These amounts are \$15,000 for veterans with disability ratings of 40 percent or more, or \$18,000 for veterans with service-connected disabilities of 40 percent or more. The exemption amount is equal to 103 percent of the amount of the exemption for the prior tax year.

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The United States Department of Veterans' Affairs pays monthly [disability benefits](#) to qualifying veterans. The amount is based on a disability rating, which is calculated based on the severity of the condition. The rating is expressed as a percentage representing how much the disability decreases overall health and ability to function.

Senate Bill 387 would increase these exemption amounts and include additional exemption categories, and apply inflation-adjusted income eligibility limits across all categories. The bill would also require counties to calculate the amount of property tax no longer received as a result of exemption categories applying to disability ratings of 100 or above, and for the Oregon Department of Veterans' Affairs to distribute that amount to the respective counties, minus applicable discounts.