

SB 387

Senate Committee on Finance Revenue

4/28/2025



Number of Oregon veterans by SCD rating and age

| Service-Connected Disability (SCD) Rating | Disability Compensation Recipients | Percent |
|-------------------------------------------|------------------------------------|-------------|
| 0% to 20% | 20,452 | 25% |
| 30% to 40% | 11,541 | 14% |
| 50% to 60% | 11,721 | 14% |
| 70% to 90% | 23,213 | 28% |
| 100% | 14,654 | 18% |
| Total | 81,581 | 100% |

| Age | Disability Compensation Recipients | Percent |
|--------------|------------------------------------|-------------|
| 17 to 44 | 22,046 | 27% |
| 45 to 64 | 21,691 | 27% |
| 65+ | 37,875 | 46% |
| Total | 81,612 | 100% |

Note: Certain veterans aged 65 years or more are exempt from requirement to attach proof of SCD rating to exemption claim

Data source: U.S. Department of Veteran Affairs, Fiscal Year 2023

Changes to property tax exemption

| SB 387 Section | Change or New? | Current Requirements | Changes to Requirements | Current AV Exemption (2024-25) | Proposed AV Exemption | Increase in AV Exemption | 3% Exemption Growth |
|-------------------|----------------------|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------|--------------------------------|---------------------------|
| 1 (2)(a) | Change | Disabilities of 40% or more, cert by U.S. govt, and certain surviving spouses of vets (SSVs) | <ul style="list-style-type: none"> • Adds sec 1 (7)(a) | \$25,537 | \$60K | \$34,463 | Yes |
| 1 (2)(b) | Change | Disabilities of 40% or more, cert by physician, and certain SSVs | <ul style="list-style-type: none"> • Deletes gross income up to 185% of fed poverty guidelines • Adds sec 1 (7)(a) | \$25,537 | \$60K | \$34,463 | Yes |
| 1 (3) | Change | SCDs of 40% or more, and certain SSVs | <ul style="list-style-type: none"> • Deletes SCDs of 100% • Adds sec 1 (7)(a) | \$30,646 | \$65K | \$34,354 | Yes |
| 1 (4) | New | N/A | <ul style="list-style-type: none"> • SCDs of 100% and certain SSV • Sec 1 (7)(a) | N/A | \$150K | \$150K | Yes |
| 1 (6) | New | N/A | <ul style="list-style-type: none"> • SCDs of 100% or more and certain SSV • USDVA unemployability • Prop tax exceeds 14% of taxable income • Sec 1 (7)(a) | N/A | 90% | 90% | Yes |
| 1 (7) | New | N/A | <ul style="list-style-type: none"> • Taxable income up to \$120K (separate) or \$240K (joint). Indexed to inflation | N/A | N/A | N/A | N/A |

Note: Changes to the exemption requirements and the exemption amounts are shown in bold.

Technical Fixes

1. Is the intent to use USDVA criteria for “unemployability” or “individual unemployability”?
2. How is “taxable income” defined?
 - a) Federal taxable income or Oregon taxable income? This could help confirm whether individual is an Oregon resident (Form 40) or nonresident (Form 40 NR)
 - b) For last full income tax year preceding the current property tax year?
3. Are certified amounts in section 1 (8)(a) intended to be property taxes that would have been charged but for the exemption, or only new partial exemption amounts in section 1 (4) and (6)?
 - a) Is the intent for USDVA or ODVA to pay the certified amounts?
 - b) Would this require a State General Fund appropriation?
4. Is the intent for county assessors to have custody of income tax returns? Are any guardrails needed to keep income tax returns confidential?

Preliminary impact analysis

- Assumes new partial exemption amounts in section 1 (4) and (6) are intended to be funded with a State General Fund appropriation
- Some residents would be disqualified due to new means test in section 1 (7)
- Some residents who currently do not qualify because of the current means test (see section 1 (2)(b)) would now qualify due to higher means test
- In total, property taxes for qualifying disabled vets and surviving spouses of vets would be reduced by about \$80M to \$90M in each of next three biennia
 - Revenue impact on local governments — about \$25M in each of next three biennia
 - State General Fund appropriation— about \$55M to \$65M in each of next three biennia