

HB 3589-A, HB 3506-A, and HB 3712

House Committee on Revenue

4/29/2025



Takeaways

- Primary goal is mutual long-term program stability. To this end, it is possible to achieve the following at the same time:
 - Limited expansion of Homestead Property Tax Deferral program
 - Transfer excess funds in revolving account to senior housing development initiative
 - Protect solvency of revolving account
- LRO and DOR have collaborated on framework to protect revolving account solvency and transfer any excess funds for the initiative
- Proposed expansion of deferral in HB 3712 would need to be modified to protect solvency of revolving account
- Continual monitoring and willingness for policy intervention are necessary
- Improved long term Homestead Deferral program forecast will inform these efforts. DOR and LRO are collaborating on this

Related bills

HB 3589

- Requires HCSD to establish a senior housing development initiative
- Transfers \$24M from Homestead Deferral revolving account for the initiative
- Requires DOR to review revolving account each year, beginning in 2027, for estimated excess funds, if any, to transfer for the initiative
- Sunsets annual review and transfer of any excess funds on 7/1/2031

HB 3506

- Transfers \$3M from revolving account to support housing for seniors and individuals with disabilities, including installation of accessibility modifications

Related bills (cont.)

HB 3712

- Increases household income limit for Homestead Deferral from \$60,000 (2025-26 tax year) to \$80,000
- Reduces residency requirement from five years to three years
- Increases homestead RMV limit for each county, except for owners who have lived in homestead for less than seven years or more than 22 years

Mutual long-term program stability

Stable Homestead Deferral tax payments help to stabilize repayments. This helps stabilize pool of funds in revolving account to support long-term stability of senior housing development initiative

Deferred taxes paid by DOR. This keeps county budgets whole

Excess Funds

Homestead Deferral Revolving Account

Disqualifying event:

- Homestead sold/transferred
- Not principal dwelling of homeowner
- Mobile/floating home moved out of state
- Homeowner dies

Deferred taxes, interest and fees are due. Simple 6% interest accrues annually on deferred property taxes

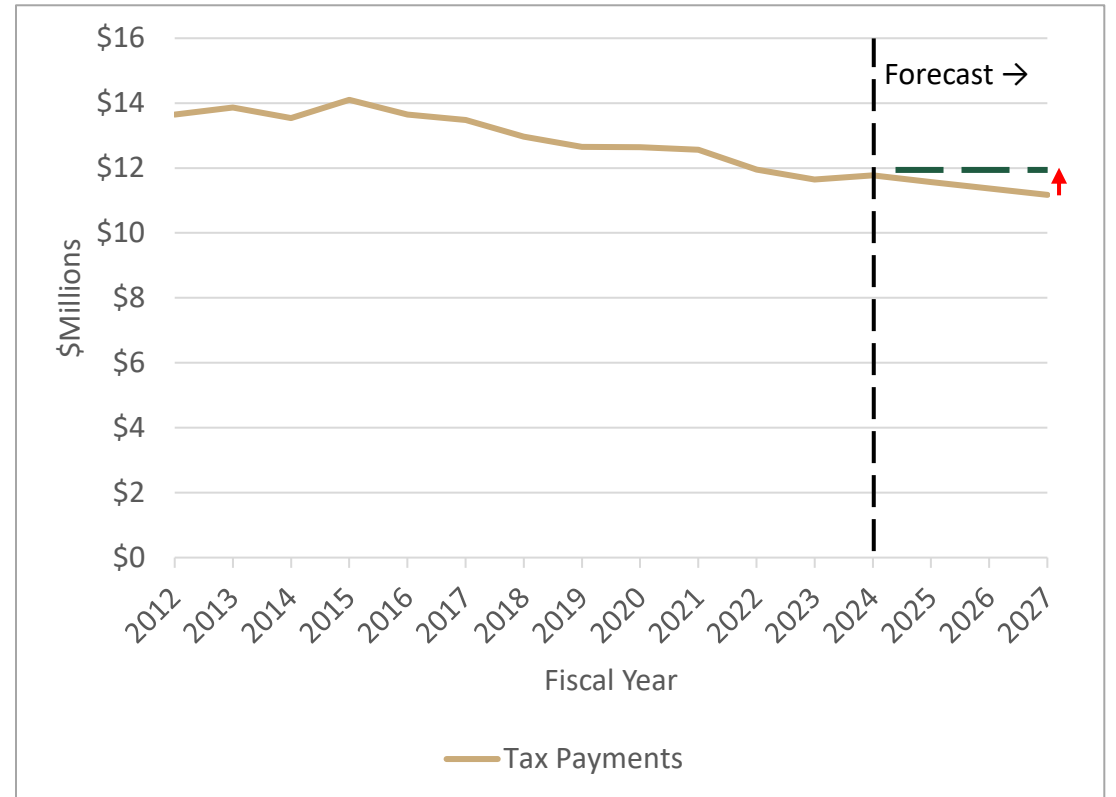
Stability of Homestead Deferral

Increase in Deferred Tax Payments to Offset 10-Year Downward Trend (\$M)

2025-26	2026-27	2025-27	2027-29	2029-31
\$0.0	\$0.2	\$0.2	\$1.0	\$1.8

Note: This is not a revenue impact on local governments. Property tax payments are paid from the Senior Property Tax Deferral Revolving Account.

Current Homestead Deferral Forecast



Source: Department of Revenue, Research Section. July 2024

Potential amendments

Choose any one of the following from HB 3712...

(a) Reduce residency requirement from 5 yrs to 3 yrs

(b) Increase income limit from \$60K to \$80K

(c) Increase RMV limits, except for owners with residency of <7 yrs or >22 yrs

...or any two of the following:

(a) Reduce residency requirement from 5 yrs to 3 yrs

(d) Increase income limit from \$60K to \$70K

(e) Increase RMV limits to 150% for owners with residency of less than 15 yrs

(f) Allocate excess funds for limited duration position at DHS to establish Homestead Deferral outreach program (\$234K for 21 months in 2025-27)

RMV limits – current law

	2024 COUNTY MEDIAN RMV	Used for 2025 Deferral Applications	
		Baker	Benton
	RMV	\$ 236,010	\$ 496,082
	HOUSEHOLD INCOME LIMIT 2024	\$ 60,000	\$ 60,000
	NETWORTH	\$ 500,000	\$ 500,000
	RMV MINIMUM CAP* 2024	\$ 294,000	\$ 294,000
RESIDENCY	PERCENTAGE	ALLOWABLE RMV	ALLOWABLE RMV
5 yrs < 7 yrs	100%	\$ 236,010	\$ 496,082
7 - < 9 yrs	110%	\$ 259,611	\$ 545,690
9 - < 11 yrs	120%	\$ 283,212	\$ 595,298
11 - < 13 yrs	130%	\$ 306,813	\$ 644,907
13 - < 15 yrs	140%	\$ 330,414	\$ 694,515
15 - < 17 yrs	150%	\$ 354,015	\$ 744,123
17 - < 19 yrs	160%	\$ 377,616	\$ 793,731
19 - < 21 yrs	170%	\$ 401,217	\$ 843,339
21 - < 23 yrs	200%	\$ 472,020	\$ 992,164
23 - < 25 yrs	225%	\$ 531,023	\$ 1,116,185
25 yrs +	250%	\$ 590,025	\$ 1,240,205

RMV minimum cap applies to certain residents in 13 counties—Baker, Douglas, Gilliam, Grant, Harney, Klamath, Lake, Malheur, Morrow, Sherman, Umatilla, Union, and Wheeler

RMV limits – option (c)

	2024 COUNTY MEDIAN RMV		
		Baker	Benton
	RMV	\$ 236,010	\$ 496,082
	HOUSEHOLD INCOME LIMIT 2024	\$ 60,000	\$ 60,000
	NETWORTH	\$ 500,000	\$ 500,000
	RMV MINIMUM CAP* 2024	\$ 294,000	\$ 294,000
RESIDENCY	PERCENTAGE	ALLOWABLE RMV	ALLOWABLE RMV
<7 yrs	100%	\$ 236,010	\$ 496,082
7 - <14 yrs	130%	\$ 306,813	\$ 644,907
14 - <20 yrs	160%	\$ 377,616	\$ 793,731
20 - <25 yrs	200%	\$ 472,020	\$ 992,164
25 yrs +	250%	\$ 590,025	\$ 1,240,205

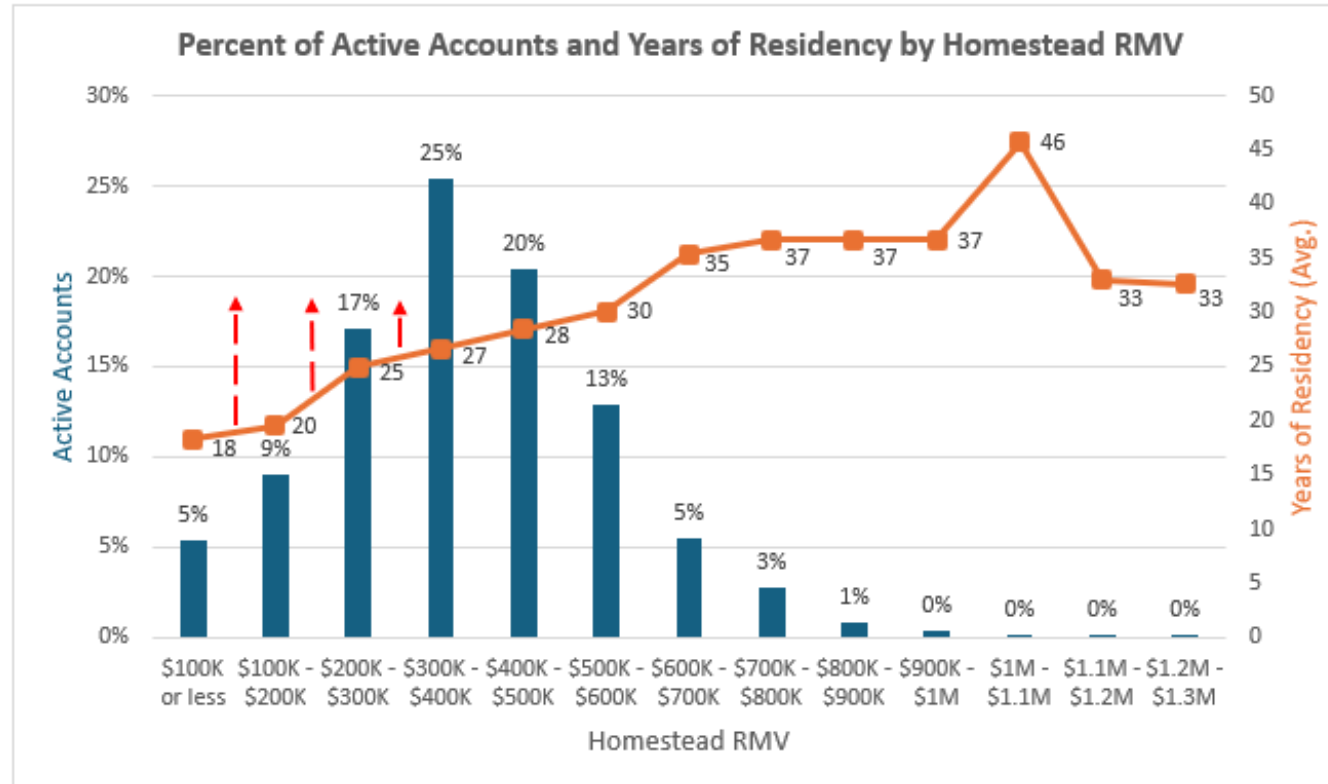
- RMV minimum cap applies to certain residents in 13 counties—Baker, Douglas, Gilliam, Grant, Harney, Klamath, Lake, Malheur, Morrow, Sherman, Umatilla, Union, and Wheeler
- Reduces residency percentage for homeowners who have residency of 13, 23, or 24 years, which may inactivate some accounts

RMV limits – option (e)

		2024 COUNTY MEDIAN RMV	
		Baker	Benton
	RMV	\$ 236,010	\$ 496,082
	HOUSEHOLD INCOME LIMIT 2024	\$ 60,000	\$ 60,000
	NETWORTH	\$ 500,000	\$ 500,000
	RMV MINIMUM CAP* 2024	\$ 294,000	\$ 294,000
RESIDENCY	PERCENTAGE	ALLOWABLE RMV	ALLOWABLE RMV
5 yrs <7 yrs	150%	\$ 354,015	\$ 744,123
7 - <9 yrs	150%	\$ 354,015	\$ 744,123
9 - <11 yrs	150%	\$ 354,015	\$ 744,123
11 - <13 yrs	150%	\$ 354,015	\$ 744,123
13 - <15 yrs	150%	\$ 354,015	\$ 744,123
15 - <17 yrs	150%	\$ 354,015	\$ 744,123
17 - <19 yrs	160%	\$ 377,616	\$ 793,731
19 - <21 yrs	170%	\$ 401,217	\$ 843,339
21 - <23 yrs	200%	\$ 472,020	\$ 992,164
23 - <25 yrs	225%	\$ 531,023	\$ 1,116,185
25 yrs +	250%	\$ 590,025	\$ 1,240,205

RMV minimum cap applies to certain residents in five counties — Gilliam, Grant, Harney, Lake, and Wheeler.

RMV limits – option (e) (cont.)



- Option (e) would allow residents at lower end of RMV distribution to use their years of residency to increase their allowable RMV
- This means RMV residency requirement would work more uniformly at all RMV levels

Potential interactions with other bills

HB 2089, including all amendments posted to OLIS (-2 and -3):

- Section 1 requires notice of foreclosure proceeding to include info on:
 - Any property tax deferral program operated by state or local governments
 - Foreclosure avoidance programs known by county and operated by state agencies
- Section 2 requires notice of redemption period expiration to include info on:
 - Foreclosure avoidance programs known by county and operated by state agencies
 - Any relief programs, exemptions, grants or payment plans available to the owner

→ These could increase public awareness for homeowners who are delinquent on property tax payments (20%-25% of both submitted and approved applications, since 2020). May apply for a delay of foreclosure

Scenario development

Annual Change in Revolving Account Balance (\$Millions)

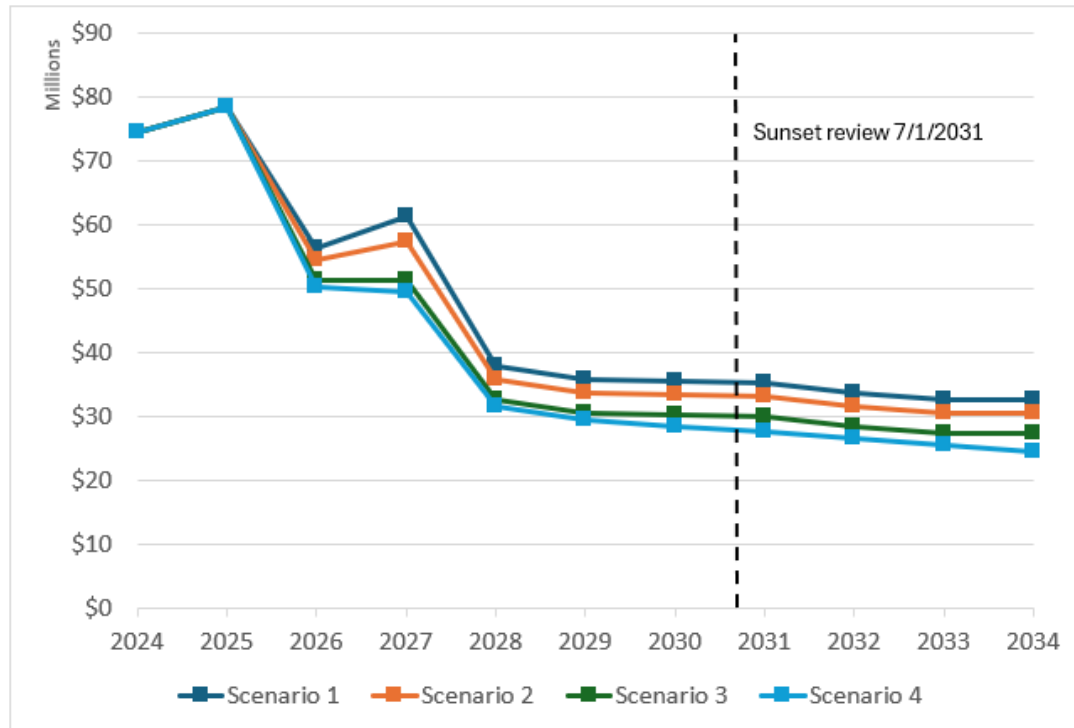
Actual		Forecast	
FY15 - FY24	FY24	FY25 - FY27	10/31/24 - 10/31/25
\$5.2	\$1.6	\$4.2	\$3.9

Scenarios - Annual Change in Revolving Account Balance (\$Millions)

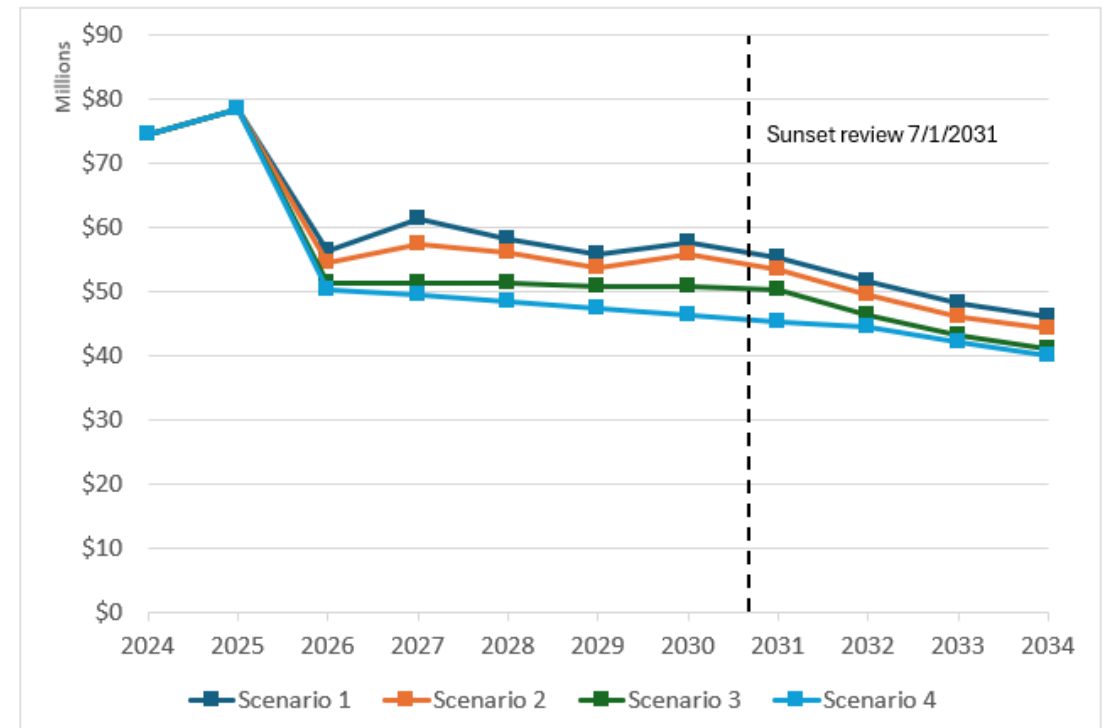
Date	Scenario 1	Scenario 2	Scenario 3	Scenario 4
10/31/2026	\$5	\$3	\$0	-\$1
10/31/2027	\$5	\$3	\$0	-\$1
10/31/2028	\$5	\$3	\$0	-\$1
10/31/2029	\$5	\$3	\$0	-\$1
10/31/2030	\$5	\$3	\$0	-\$1
10/31/2031	\$5	\$3	\$0	-\$1
10/31/2032	\$5	\$3	\$0	-\$1
10/31/2033	\$5	\$3	\$0	-\$1
10/31/2034	\$5	\$3	\$0	-\$1

Results — Revolving Account Balance on October 31 (\$Millions)

10-year look-back

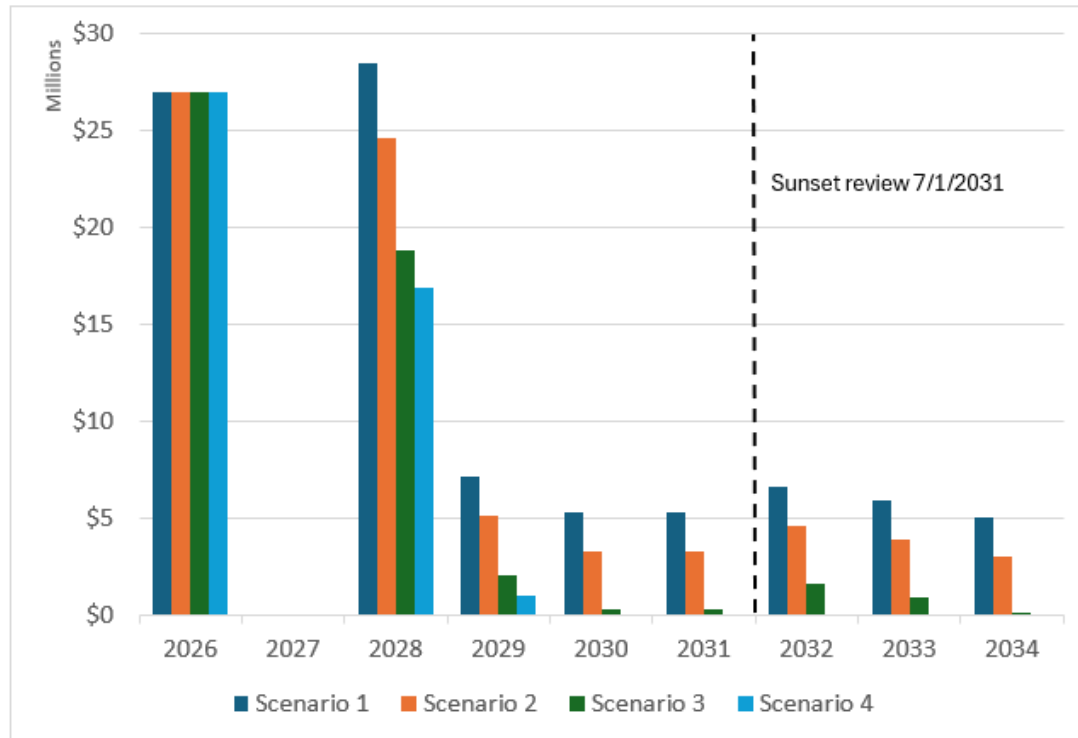


15-year look-back

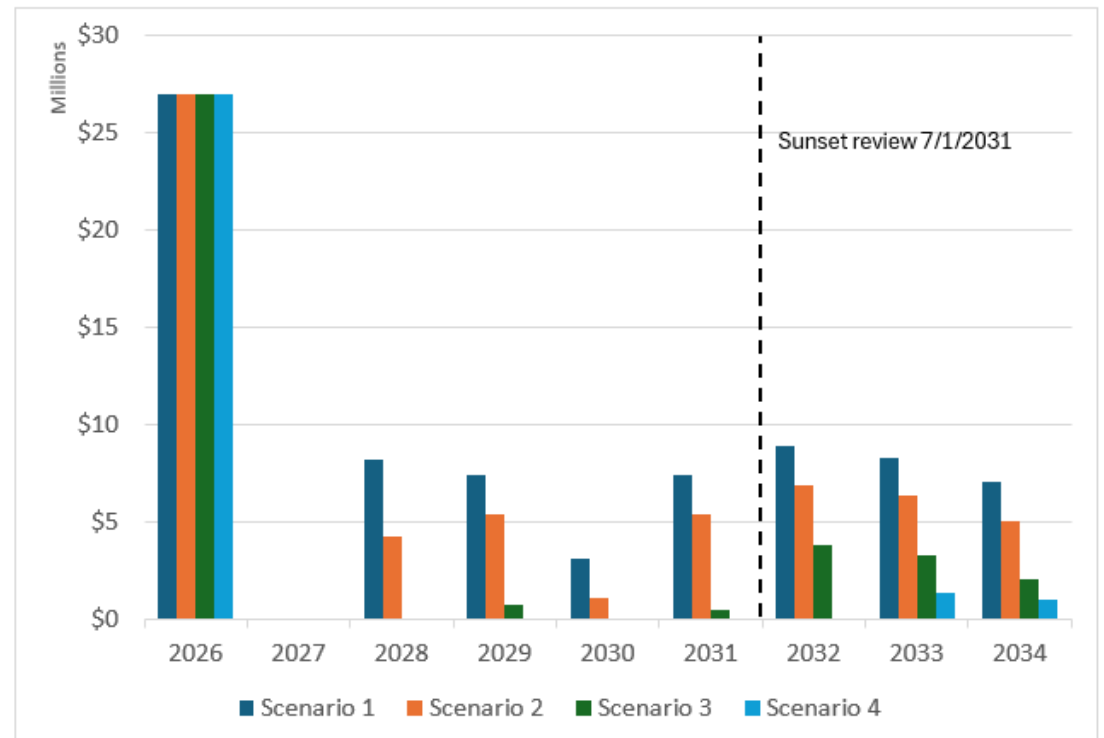


Results — Amount Transferred by January 31 (\$Millions)

10-year look-back



15-year look-back



Results — Total Amount Transferred 2026-2034 (\$Millions)

10-year look-back

Year	Scenario 1	Scenario 2	Scenario 3	Scenario 4
2026	27.0	27.0	27.0	27.0
2027	0.0	0.0	0.0	0.0
2028	28.5	24.6	18.8	16.8
2029	7.2	5.1	2.0	1.0
2030	5.3	3.3	0.3	0.0
2031	5.3	3.3	0.3	0.0
2032	6.6	4.6	1.6	0.0
2033	5.9	3.9	0.9	0.0
2034	5.0	3.0	0.0	0.0
TOTAL 2026-2034	\$91	\$75	\$51	\$45

15-year look-back

Year	Scenario 1	Scenario 2	Scenario 3	Scenario 4
2026	27.0	27.0	27.0	27.0
2027	0.0	0.0	0.0	0.0
2028	8.2	4.2	0.0	0.0
2029	7.4	5.4	0.7	0.0
2030	3.1	1.1	0.0	0.0
2031	7.4	5.4	0.5	0.0
2032	8.8	6.9	3.8	0.0
2033	8.3	6.3	3.3	1.4
2034	7.0	5.0	2.0	1.0
TOTAL 2026-2034	\$77	\$61	\$37	\$29