

HB 3589 A STAFF MEASURE SUMMARY

House Committee On Revenue

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 4/1, 4/29, 5/6, 5/8

WHAT THE MEASURE DOES:

Requires the Housing and Community Services Department to establish a senior housing development initiative. Transfers \$24 million from the Senior Property Tax Deferral Revolving Account to be used for the initiative in the 2025-27 biennium, of which, \$23.5 million will be used for the development, rehabilitation, or preservation of housing for older adults and persons with disabilities, and \$0.5 million will be used for technical assistance under the initiative. Requires the Department of Revenue to review the account before December 31 each year, beginning in 2027, for estimated excess funds, if any, to transfer to the initiative. Requires the Department of Revenue to provide notice to the Legislative Revenue Officer of the proposed transfer amount 14 days or more before the January 31 transfer deadline. Sunsets the annual review of the revolving account and the transfer of any excess funds on July 1, 2031. Provides that projects funded by the Elderly and Disabled Housing Fund are eligible for affordable housing tax credits. Takes effect January 1, 2026.

ISSUES DISCUSSED:

- Senior housing and homelessness
- Non-licensed housing
- Solvency of Senior Property Tax Deferral Revolving Account
- Conservative approaches to solvency analysis
- Improved, long-term deferral forecast
- Long-term stability of deferral-related programs
- County size and program access

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Seniors represent a large and growing segment of Oregon's population of 4.3 million people. The number of Oregonian seniors who are 65 years of age or over has exceeded the number of children under the age of 18 since 2023. For comparison, in 2000 the senior population was a little over half of the child population.

The Homestead Property Tax Deferral Program is available for qualifying homeowners who are 62 years of age or over or qualify for Social Security disability benefits. Funds are used from the Senior Property Tax Deferral Revolving Account to pay the property taxes on behalf of participating homeowners. Simple six percent interest accrues annually on the deferred property taxes. Although repayments can be made at any time, all deferred taxes, interest, and fees are due upon disqualification—when the owner moves, sells the homestead, or dies. Repayments are then credited to the revolving account. The balance of the revolving account was \$74 million on October 31, 2024.

Five property tax exemptions or special assessments in Oregon are designed to benefit seniors by providing property tax relief for senior service providers. One provides a property tax exemption for nonprofit senior service centers, while the other four are designed so the tax benefit is passed through to seniors in the form of lower rental rates at long-term care or elderly housing facilities.