REVENUE IMPACT OF PROPOSED LEGISLATION

83rd Oregon Legislative Assembly
2025 Regular Session
Legislative Revenue Office

Bill Number:	**HB 3712 - A**
Revenue Area:	**Property Tax Deferral**
Economist:	**Beau Olen**
Date:	**5/6/2025**

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

Increases the household income limit for the Homestead Property Tax Deferral program from $60,000 (2025-26 tax year) to $70,000. Increases the homestead real market value limit, for purposes of the deferral program, to 150 percent of the county median real market value for homeowners who have residency of less than 15 years. Requires the Legislative Revenue Officer to conduct a study of the Homestead Property Tax Deferral program, which focuses on homestead equity, and submit a report to the Legislature by September 15, 2026. Applies to property tax years 2026-27 and after.

Revenue Impact:

The Legislative Revenue Office has reviewed the proposed legislation and determined that it has No Impact on state or local revenues analyzed by this office.

Impact Explanation:

Under current law, the Senior Property Tax Deferral Revolving Account is a source of existing funds for the Department of Revenue (DOR) to pay property taxes on behalf of qualifying homeowners participating in the Homestead Property Tax Deferral program. Deferred taxes, interest, and fees (i.e., repayments) are due when a disqualifying event occurs—homestead is sold or transferred, homestead is no longer the homeowner's principal dwelling, homestead is a manufactured structure or floating home that is moved out of state, or the homeowner dies. The revolving account balance has grown over the last 10 years and is expected to reach $78 million by October 31, 2025. Growth occurred because repayments to the account have exceeded the tax payments and administrative costs paid from the account.

The measure is expected to increase DOR tax deferral payments by $200,000 in the 2026-27 tax year, $1 million in the 2027-29 biennium, and $1.8 million in the 2029-31 biennium. The changes are expected to add about 60 new tax accounts per year with total tax payments stabilizing at about $12 million per year. (See HB 3589, as amended, for details on the annual DOR solvency review to protect its ability to pay property taxes and administrative costs.) The 60 additional accounts per year is 50 percent higher than the 40 applications per year which have recently been denied solely due to the RMV limit or household income limit, respectively. This analysis assumes the measure will encourage more homeowners to apply for the deferral program than those denied in the recent past. Some homeowners who did not apply in the recent past because they knew they would not qualify, may now apply if they know they will qualify under the higher limits.

Creates, Extends, or Expands Tax Expenditure: Yes ☐ No ☒

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