

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
83rd Oregon Legislative Assembly
2025 Regular Session
Legislative Revenue Office

Bill Number:	SB 1094 - 1
Revenue Area:	Property Tax
Economist:	Beau Olen
Date:	6/3/2025

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Provides a property tax credit of up to \$2,050 for the homestead of qualifying residents on active-duty military service. Provides a property tax credit of up to \$475 for the homestead of qualifying disabled veterans or surviving spouses of veterans, or a credit of up to \$575 for those who qualify due to service-connected disabilities, including when they reside in nonprofit homes for elderly persons. Caps credit amounts at the amount of non-bond taxes due on the property. Increases credit amounts by three percent per year. Allows qualifying residents to exit the current property tax exemption programs for such homesteads and enter the new property tax credit programs. Disallows new participants in exemption programs for such homesteads after tax year 2025-26. Property tax credits apply to tax years 2026-27 and later.

Revenue Impact:

The credit amounts of up to \$2,050 for active-duty military and up to \$475 or up to \$575 for disabled veterans or surviving spouses of veterans are designed to be revenue neutral compared to continued use of the existing property tax exemptions, meaning no revenue impact on local governments overall.

Impact Explanation:

Currently, the maximum assessed value (AV) exemption amount for active-duty military is \$108,367 for the 2024-25 tax year. A portion of this maximum exemption amount will not be used when homestead AV is less than \$108,367 (e.g., manufactured structure). For a disabled veteran or surviving spouse of a veteran, the maximum AV exemption amount is \$25,537 for the 2024-25 tax year or \$30,646 for those who qualify due to service-connected disabilities. These exemption amounts increase by three percent per year.

Under the measure, the credit amounts and three percent annual growth will help maintain overall revenue neutrality over time, but the credits will not be revenue neutral for all individual taxpayers and taxing districts. First, since bond taxes are not credit-eligible taxes, taxing districts that have a lower share of bond revenue may have a reduction in revenue compared to property tax exemptions alone (e.g., education, cemetery, road, water control, and vector control districts). Taxing districts that have a higher share of bond revenue may have an increase in revenue compared to property tax exemptions alone (e.g., K-12 schools, community colleges, water supply, sanitary, and service districts). Second, since the credit amounts are capped by the amount of non-bond taxes due on the property, taxpayers who pay bond taxes may receive a credit that is lower than the face value of the credit (\$2,050, \$475, or \$575), which increases the likelihood that the credits will provide a lower benefit than exemptions. Third, active-duty military who received the maximum exemption amount will receive a lower benefit under the credit of up to \$2,050. Credit amounts are based on actual AV exemption amounts, including when homestead AV was too low to have received the maximum exemption amount. For comparison, the credit

amount would be up to \$2,150 if it is based on the maximum exemption amount.

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

Active-Duty Military—The policy purpose of this measure is to recognize active-duty military for their current full-time military service for the country.

Disabled Veterans or Surviving Spouses of Veterans—The policy purpose of this measure is to recognize disabled veterans and the surviving spouses of veterans for their military service and sacrifices made for the country.