

SB 1094 A STAFF MEASURE SUMMARY**Carrier:** Sen. McLane**Senate Committee On Finance and Revenue****Action Date:** 06/09/25**Action:** Do pass with amendments. (Printed A-Eng.)**Vote:** 5-0-0-0**Yeas:** 5 - McLane, Meek, Patterson, Starr, Taylor**Fiscal:** Has minimal fiscal impact**Revenue:** Revenue impact issued**Prepared By:** Beau Olen, Economist**Meeting Dates:** 4/16, 6/4, 6/9**WHAT THE MEASURE DOES:**

Provides a property tax credit of up to \$2,050 for the homestead of a qualifying resident on active-duty military service. Provides a property tax credit of up to \$475 for the homestead of a qualifying disabled veteran or surviving spouse of a veteran, or a credit of up to \$575 for a resident who qualifies due to service-connected disability ratings, including if they reside in a nonprofit home for elderly persons. Increases maximum credit amounts by three percent per year. Caps credit amounts an individual resident may receive at amount of non-bond taxes due on the property. Allows qualifying residents to exit current property tax exemption programs for such homesteads and enter 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.

ISSUES DISCUSSED:

- Partial exemption of assessed value
- Recalculation of maximum assessed value (ReMAV)
- Certainty, equity, and administrability
- Transition from exemptions to credits

EFFECT OF AMENDMENT:

Clarifies definitions of "credit-eligible taxes" and "homestead". Specifies property tax credit amounts. Increases credit amounts by three percent per year.

BACKGROUND:

The available assessed value (AV) exemption amount for a qualifying resident on active-duty military service or a surviving household member is \$108,367 for the 2024-25 tax year. For a disabled veteran, the available AV exemption amount is \$25,537 for the 2024-25 tax year or \$30,646 if the veteran qualifies due to service-connected disabilities. The surviving spouse of a veteran who has not remarried may also qualify for either the \$25,537 or \$30,646 exemption amount under certain conditions. Under a related exemption for the personal property of veterans in nonprofit elderly housing, qualified nonprofit homes for the elderly can claim the exemption amount for a disabled veteran or the surviving spouse of a veteran if they pass the tax benefit through to the resident in the form of lower rental rates. All these exemption amounts—\$108,367, \$25,537, and \$30,646 for the 2024-25 tax year—increase by three percent per year.

The Oregon Constitution requires the maximum assessed value of a property to be recalculated (ReMAV) when a property is newly eligible for partial exemption or special assessment or is disqualified from exemption, partial exemption, or special assessment. ReMAV could have a particularly noticeable effect on residents who receive the active-duty military exemption because they may only qualify for a single year of exemption.