

A-Engrossed House Bill 3712

Ordered by the House May 13
Including House Amendments dated May 13

Sponsored by Representatives RESCHKE, DRAZAN; Representatives LEVY B, NELSON

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act would change the metrics for real market value and income to make more people eligible to defer property taxes on their homes. The Act would have LRO study the value of basing program entry on equity vs. income and turn in a report next year. (Flesch Readability Score: 60.5).

[Digest: The Act would change the metrics for real market value and income so that more people will be able to defer property taxes on their homes. (Flesch Readability Score: 63.3).]

Changes the metrics for a homestead's real market value and the household income of a claimant in order to expand eligibility for the homestead property tax deferral program. **Requires the Legislative Revenue Officer to submit a report to the Legislative Assembly about the equity that claimants hold in their homesteads and the advantages and disadvantages of determining program eligibility on the basis of equity rather than household income.**

A BILL FOR AN ACT

Relating to the homestead property tax deferral program; creating new provisions; and amending
ORS 311.668 and 311.670.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 311.668 is amended to read:

311.668. (1)(a) A claim to defer the property taxes on a homestead that is eligible for deferral
under ORS 311.670 may be filed with the county assessor in the manner prescribed under ORS
311.672 by:

(A) An individual who is, or two or more individuals filing a claim jointly each of whom is, 62
years of age or older on or before April 15 of the calendar year in which the claim is filed; or

(B) An individual who is a person with a disability as of April 15 of the calendar year in which
the claim is filed, regardless of the age of the individual or the age or disability of other individuals
occupying the homestead.

(b) If a guardian or conservator has been appointed for an individual otherwise eligible to claim
deferral of taxes under this section, the guardian or conservator may act for the individual in com-
plying with the provisions of ORS 311.666 to 311.701.

(c) If a trustee of an inter vivos trust that was created by and is revocable by an individual,
who is both the trustor and a beneficiary of the trust and who is otherwise eligible to claim deferral
of taxes under this section, owns the fee simple estate under a recorded instrument of sale, the
trustee may act for the individual in complying with the provisions of ORS 311.666 to 311.701.

(d) This section may not be construed to require the spouse of an individual to file a claim
jointly with the individual even though the spouse may be eligible to claim the deferral jointly with
the individual.

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

(2)(a) Notwithstanding subsection (1) of this section, deferral may not be granted under ORS 311.666 to 311.701 with respect to a claim filed by individuals who together have, for the calendar year immediately preceding the calendar year in which the claim for deferral is filed:

[(A) Household income of \$32,000 or more; or]

(A) Household income of \$70,000 or more; or

(B) Net worth of \$500,000 or more.

(b) For each tax year beginning on or after July 1, [2002] **2027**, the Department of Revenue shall recompute the maximum household income under this subsection as follows:

(A) Divide the average Consumer Price Index for All Urban Consumers, West Region, for the first six months of the calendar year immediately preceding the calendar year in which the tax year begins by the average U.S. City Average Consumer Price Index for the first six months of [2001] **2026**.

[(B) Recompute the maximum household income by multiplying \$32,000 by the appropriate indexing factor determined under subparagraph (A) of this paragraph.]

(B) Recompute the maximum household income by multiplying \$70,000 by the appropriate indexing factor determined under subparagraph (A) of this paragraph.

(c) Any change in the maximum household income determined under paragraph (b) of this subsection shall be rounded to the nearest multiple of \$500.

(3)(a) Notwithstanding subsection (1) of this section, deferral may not be granted under ORS 311.666 to 311.701 with respect to a claim if, at the time the claim is filed, property taxes imposed on the homestead of any individual filing the claim have been deferred and are delinquent or have been canceled.

(b) This subsection does not apply to the claim by a surviving spouse or disabled heir to continue deferral under ORS 311.688.

SECTION 2. ORS 311.670 is amended to read:

311.670. (1) Property is not eligible for tax deferral under ORS 311.666 to 311.701 unless, at the time a claim is filed and during the period for which deferral is claimed, the property meets the requirements of this section.

(2)(a) The property for which the claim is filed must have been the homestead of the individual or individuals who file the claim for deferral for at least five years preceding April 15 of the year in which the claim is filed.

(b) The five-year requirement under paragraph (a) of this subsection does not apply to a homestead that meets all other requirements of this section, if the individual or individuals filing the claim for deferral:

(A) Are required to be absent from the homestead by reason of health;

(B)(i) Moved to the homestead for which the claim is filed from a homestead that was granted deferral under ORS 311.666 to 311.701 and was of greater real market value than the homestead for which the claim is filed;

(ii) Sell the prior homestead within one year of purchasing the homestead for which the claim is filed;

(iii) Satisfy any lien created under ORS 311.673 or 311.679 and attached to the prior homestead; and

(iv) Provide a written attestation that the individual or individuals incurred debt for not more than 80 percent of the purchase price of the homestead for which the claim is filed; or

(C) Are a surviving spouse or disabled heir claiming continuation of deferral under ORS 311.688.

(3) The individual claiming the deferral, individually or jointly, must own the fee simple estate under a recorded instrument of sale, or two or more individuals together must own the fee simple estate with rights of survivorship under a recorded instrument of sale if all owners live in the property and if all owners apply for the deferral jointly.

(4)(a) The homestead must be insured for fire and other casualty.

(b) If the homestead meets all other requirements of this section and is insurable for fire and other casualty but not insured, the Department of Revenue may purchase insurance for the homestead and add the cost of the insurance coverage to a lien created under ORS 311.679.

(5) There may be no prohibition to the deferral of property taxes contained in any provision of federal law, rule or regulation applicable to a mortgage, trust deed, land sale contract or conditional sale contract for which the homestead is security.

(6) A homestead is not eligible for deferral under ORS 311.666 to 311.701 unless the real market value of the homestead entered on the certified assessment and tax roll for the property tax year immediately preceding the property tax year for which the taxes will be deferred is less than the greater of \$250,000 or:

[(a) 100 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead less than seven years.]

[(b) 110 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead at least seven years but less than nine years.]

[(c) 120 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead at least nine years but less than 11 years.]

[(d) 130 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead at least 11 years but less than 13 years.]

[(e) 140 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead at least 13 years but less than 15 years.]

[(f)] (a) 150 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead [at least 15 years but] less than 17 years.

[(g)] (b) 160 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead at least 17 years but less than 19 years.

[(h)] (c) 170 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead at least 19 years but less than 21 years.

[(i)] (d) 200 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead at least 21 years but less than 23 years.

[(j)] (e) 225 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead at least 23 years but less than 25 years.

[(k)] (f) 250 percent of county median RMV if, as of April 15 of the year in which a claim is filed,

the taxpayers have continuously owned and occupied the homestead for 25 years or more.

(7)(a) For each tax year beginning on or after July 1, 2022, the Department of Revenue shall recompute the \$250,000 minimum cap on allowable real market value provided under subsection (6) of this section as follows:

(A) Divide the average Consumer Price Index for All Urban Consumers, West Region, for the first six months of the current calendar year by the average Consumer Price Index for All Urban Consumers, West Region, for the first six months of 2021.

(B) Recompute the minimum cap on allowable real market value by multiplying \$250,000 by the appropriate indexing factor determined under subparagraph (A) of this paragraph.

(b) Any change in the minimum cap on allowable real market value determined under paragraph (a) of this subsection shall be rounded to the nearest multiple of \$500.

(8) For purposes of subsection (6) of this section, a surviving spouse or disabled heir who is eligible to claim continuation of deferral under ORS 311.688 is considered to have owned and occupied the homestead from the date on which the deceased individual or individuals who filed the claim for deferral first owned and occupied the homestead.

SECTION 3. The amendments to ORS 311.668 and 311.670 by sections 1 and 2 of this 2025 Act apply to property tax years beginning on or after July 1, 2026.

SECTION 4. Section 5 of this 2025 Act is added to and made a part of ORS 311.666 to 311.701.

SECTION 5. (1) The Legislative Revenue Officer shall conduct a study of the homestead property tax deferral program under ORS 311.666 to 311.701.

(2) The focus of the study shall be:

(a) The equity in homesteads held by:

(A) Taxpayers whose homesteads have been granted deferral; and

(B) Taxpayers whose claims for deferral have been denied; and

(b) The advantages and disadvantages of determining an individual's eligibility under ORS 311.668 on the basis of a claimant's equity in the homestead rather than the claimant's household income.

(3) The Legislative Revenue Officer shall submit a report of the findings of the study, in the manner provided in ORS 192.245, to the interim committees of the Legislative Assembly related to revenue, no later than September 15, 2026.

SECTION 6. Section 5 of this 2025 Act is repealed on January 2, 2028.