



House Committee on Revenue

Testimony on HB 3249

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AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering Americans 50+ to choose how they live as they age. AARP Oregon advocates on issues important to our more than 500,000 Oregon members with a focus on health security, financial resilience and livable communities.

We believe it is very important to address the burden of property tax on those older Oregonians who have very limited income but we have concerns about HB 3249 because it would grant a special property tax assessment value for all Oregonians age 65+ regardless of financial need.

Creating livable communities throughout our neighborhoods, where residents of all ages can live, work, raise their families and retire is a priority for AARP Oregon. Essential to this vision is affordable housing. Indeed, we have supported various proposals that would address the critical needs of renters and expanding lower and middle income housing stock.

Property taxes are among the most burdensome to absorb, particularly for lower income older individuals and their families and it can interfere with the ability of residents to age in their own homes and communities. At the same time, property taxes are an important source of tax revenue and fund some of our most critical services.

Because of that, property tax relief measures must target relief to those most in need.

Effective property tax relief programs need to be equitable, targeted and cost-effective. They must also be well designed to specifically address the financial challenges faced by taxpayers who possess value in their home but may lack current cash flow to pay property taxes.

AARP supports legislation that assist those who need it most: older lower and middle-income residents. These individuals are most often retired, have limited options for rejoining the workforce, higher health care costs and virtually no time horizon for increased savings. They also have increasing expenses like medications, utilities and groceries that they must pay from their fixed income.

Rather than providing tax relief for all Oregonians over the age 65 regardless of their income, we support what is known as a circuit-breaker program. It directs relief to older adults facing the highest property tax burden relative to their incomes and is "tripped" when property tax exceeds a set percentage of income and forgives taxes above that level. These are the most cost-effective approaches to property tax relief because they target assistance to households

with the least ability to pay, rather than providing more expensive across-the-board relief to all taxpayers of a certain age, here 65 and older, without regard to their payment abilities.

As the committee considers this issue, we think another important approach is to update the senior tax deferral (homestead deferral) program. As was discussed in the hearing today, this appears to be underutilized and there are some ways to strengthen. AARP supports removing the 5 year ownership requirement for a person to be eligible. There may be all sorts of reasons that someone has lived in their current home less than 5 years but still is facing risk of losing their home because of limited financial resources. In addition, the value of homes that are eligible should be updated to reflect current values.

AARP stands ready to support updates to our laws to address this important issue.