

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action: Do pass as amended and be printed engrossed.

Vote: 7-0-2

Yeas: Berger, Bruun, Olson, Read, Rosenbaum, Witt, Barnhart

Nays:

Exc.: Butler, Gelser

Prepared By: Mary Ayala, Economist

Meeting Dates: 1/29, 3/13

WHAT THE BILL DOES: Requires the Department of Revenue to pay the delinquent taxes, interest and penalties on homestead property for which a property tax deferral is claimed by qualified seniors or disabled persons who initially claim the deferral on or after January 1, 2008.

ISSUES DISCUSSED: Representatives from the Oregon Association of Area Agencies on Aging and Disabilities expressed their concerns that payment of the delinquent taxes would reduce the balance in the Senior Deferral Account (SDA) by \$5-\$6 million which will be a loss to Oregon Project Independence (OPI) because the SDA is its sole funding source. The Committee requested that the parties, for and against the measure, form a workgroup in order to address this concern. The workgroup developed the amendments that were adopted by the committee.

EFFECT OF COMMITTEE AMENDMENTS: Eliminates payment of retroactive delinquent accounts. Payment of delinquent taxes, penalties and interest will apply to applications for deferral that are filed on or after January 1, 2008.

BACKGROUND: Current law (ORS 311.668) enables qualified seniors and disabled persons to defer payment of their property taxes. When persons initially submit their claims to counties for deferral of their property taxes, if delinquent taxes are owed at the time of application, these taxes are permitted to remain on the tax rolls as delinquent taxes.

The State of Oregon pays the property taxes for the seniors and disabled persons whose claims have been approved for the Senior and Disabled Persons Property Tax Deferral Program. However, only taxes that are owed, after the dates when the initial claims for deferral were submitted, are paid. The delinquent taxes that were due on a homestead property prior to the initial year of application for tax deferral are not paid.

Delinquent taxes and interest owed on the homestead property owned by seniors and disabled persons who are currently enrolled in the Senior and Disabled Tax Deferral Program totaled roughly \$5.6 million, as of December 15, 2005 (source: Oregon Association of County Tax Collectors).