

**A-Engrossed**  
**House Bill 2032**

Ordered by the House April 3  
Including House Amendments dated April 3

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of House Interim Committee on Revenue for Oregon Association of County Tax Collectors)

**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.

Requires Department of Revenue to pay delinquent taxes, interest, *[and]* penalties **and fees** on homesteads for which property tax deferral is claimed by seniors and persons with disabilities. Applies to delinquent taxes, interest, *[and]* penalties **and fees** for which *[claim]* **initial application** for homestead property tax deferral is filed on or after January 1, 2008.

**Provides that deferred taxes become payable to Department of Revenue under specified circumstances and that deferred taxes include delinquent taxes, interest, penalties and fees. Applies to applications for deferral filed on or after January 1, 2008.**

**A BILL FOR AN ACT**

1  
2 Relating to tax-deferred property; creating new provisions; and amending ORS 311.668, 311.676,  
3 311.684, 311.686, 311.690, 311.694 and 311.695.

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

5 **SECTION 1.** ORS 311.668 is amended to read:

6 311.668. (1)(a) Subject to ORS 311.670, an individual, or two or more individuals jointly, may  
7 elect to defer the property taxes on their homestead by filing a claim for deferral with the county  
8 assessor after January 1 and on or before April 15 of the first year in which deferral is claimed if:

9 (A) The individual, or, in the case of two or more individuals filing a claim jointly, each indi-  
10 vidual, is 62 years of age or older on April 15 of the year in which the claim is filed; or

11 (B) The individual is a disabled person on April 15 of the year in which the claim is filed. In the  
12 case of individuals filing a claim jointly, only one individual need be a disabled person in order to  
13 make the election.

14 (b) In order to make the election described in paragraph (a) of this subsection, the individual  
15 must have, or in the case of two or more individuals filing a claim jointly, all of the individuals to-  
16 gether must have household income, as defined in ORS 310.630, for the calendar year immediately  
17 preceding the calendar year in which the claim is filed of less than \$32,000.

18 (c) The county assessor shall forward each claim filed under this subsection to the Department  
19 of Revenue which shall determine if the property is eligible for deferral.

20 **(d) Deferring all delinquent taxes, interest and penalties due at the time of the initial**  
21 **application for deferral.**

22 (2) When the taxpayer elects to defer property taxes for any year by filing a claim for deferral  
23 under subsection (1) of this section, it shall have the effect of:

24 (a) Deferring the payment of the property taxes levied on the homestead for the fiscal year be-  
25 ginning on July 1 of such year.

**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.

1 (b) Continuing the deferral of the payment by the taxpayer of any property taxes deferred under  
2 ORS 311.666 to 311.701 for previous years which have not become delinquent under ORS 311.686.

3 (c) Continuing the deferral of the payment by the taxpayer of any future property taxes for as  
4 long as the provisions of ORS 311.670 are met.

5 (3) If a guardian or conservator has been appointed for an individual otherwise qualified to ob-  
6 tain deferral of taxes under ORS 311.666 to 311.701, the guardian or conservator may act for such  
7 individual in complying with the provisions of ORS 311.666 to 311.701.

8 (4) If a trustee of an inter vivos trust which was created by and is revocable by an individual,  
9 who is both the trustor and a beneficiary of the trust and who is otherwise qualified to obtain a  
10 deferral of taxes under ORS 311.666 to 311.701, owns the fee simple estate under a recorded instru-  
11 ment of sale, the trustee may act for the individual in complying with the provisions of ORS 311.666  
12 to 311.701.

13 (5) Nothing in this section shall be construed to require a spouse of an individual to file a claim  
14 jointly with the individual even though the spouse may be eligible to claim the deferral jointly with  
15 the individual.

16 (6) Any person aggrieved by the denial of a claim for deferral of homestead property taxes or  
17 disqualification from deferral of homestead property taxes may appeal in the manner provided by  
18 ORS 305.404 to 305.560.

19 (7)(a) For each tax year beginning on or after July 1, 2002, the Department of Revenue shall  
20 recompute the maximum household income that may be incurred under an allowable claim for  
21 deferral under subsection (1)(b) of this section. The computation shall be as follows:

22 (A) Divide the average U.S. City Average Consumer Price Index for the first six months of the  
23 current calendar year by the average U.S. City Average Consumer Price Index for the first six  
24 months of 2001.

25 (B) Recompute the maximum household income by multiplying \$32,000 by the appropriate in-  
26 dexing factor determined as provided in subparagraph (A) of this paragraph.

27 (b) As used in this subsection, "U.S. City Average Consumer Price Index" means the U.S. City  
28 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of  
29 Labor Statistics of the United States Department of Labor.

30 (c) If any change in the maximum household income determined under paragraph (a) of this  
31 subsection is not a multiple of \$500, the increase shall be rounded to the nearest multiple of \$500.

32 **SECTION 2.** ORS 311.676 is amended to read:

33 311.676. (1) Upon determining the amount of deferred taxes on tax-deferred property for the tax  
34 year, the Department of Revenue shall pay to the respective county tax collectors an amount  
35 [equivalent] **equal** to the deferred taxes less three percent thereof. Payment shall be made from the  
36 revolving account established under ORS 311.701.

37 (2) The department shall maintain accounts for each deferred property and shall accrue interest  
38 only on the actual amount of taxes advanced to the county.

39 (3)(a) If only a portion of taxes are deferred under ORS 311.689, the department shall pay the  
40 portion that is eligible for deferral to the tax collector and shall provide a separate notice to the  
41 county assessor stating the amount of property taxes that the department is paying.

42 (b) The notice stating the amount of property taxes paid by the department and any other  
43 county records indicating those amounts are not subject to the prohibitions against disclosure set  
44 forth in ORS 314.835.

45 **(4) In addition to amounts paid under subsection (1) of this section, the department shall**

1 pay to the respective county tax collectors an amount equal to the total amount of delin-  
2 quent taxes, interest, penalties and fees due on tax-deferred property. For purposes of this  
3 subsection, the total amount of delinquent taxes, interest, penalties and fees includes all  
4 taxes, interest, penalties and fees that are delinquent as of November 15 following the date  
5 an initial application for deferral is filed under ORS 311.668.

6 **SECTION 3.** The amendments to ORS 311.676 by section 2 of this 2007 Act apply to de-  
7 linquent taxes, interest, penalties and fees on homesteads for which an initial application for  
8 deferral under ORS 311.668 is filed on or after January 1, 2008.

9 **SECTION 4.** ORS 311.684 is amended to read:

10 311.684. Subject to ORS 311.688, all deferred property taxes, including accrued interest, **penal-**  
11 **ties and fees**, become payable as provided in ORS 311.686 when:

12 (1) The taxpayer who claimed deferment of collection of property taxes on the homestead dies  
13 or, if there was more than one claimant, the survivor of the taxpayers who originally claimed  
14 deferment of collection of property taxes under ORS 311.668 dies.

15 (2) Except as provided in ORS 311.683, the property with respect to which deferment of col-  
16 lection of taxes is claimed is sold, or a contract to sell is entered into, or some person other than  
17 the taxpayer who claimed the deferment becomes the owner of the property.

18 (3) The tax-deferred property is no longer the homestead of the taxpayer who claimed the  
19 deferral, except in the case of a taxpayer required to be absent from such tax-deferred property by  
20 reason of health.

21 (4) The tax-deferred property, a manufactured structure or floating home, is moved out of the  
22 state.

23 **SECTION 5.** ORS 311.686 is amended to read:

24 311.686. Whenever any of the circumstances listed in ORS 311.684 occurs:

25 (1) The deferral of taxes for the assessment year in which the circumstance occurs shall con-  
26 tinue for such assessment year; and

27 (2) The amounts of deferred property taxes, including accrued interest, **penalties and fees**, for  
28 all years shall be due and payable to the Department of Revenue August 15 of the year following  
29 the calendar year in which the circumstance occurs, except as provided in subsection (3) of this  
30 section, ORS 311.688 and 311.695.

31 (3) Notwithstanding the provisions of subsection (2) of this section and ORS 311.695, when the  
32 circumstances occur listed in ORS 311.684 (4), the amount of deferred taxes shall be due and payable  
33 five days before the date of removal of the property from the state.

34 (4) If the amounts falling due as provided in this section are not paid on the indicated due date,  
35 or as extended under ORS 311.695 such amounts shall be deemed delinquent as of that date and the  
36 property shall be subject to foreclosure as provided in ORS 311.673 or 311.679.

37 **SECTION 6.** ORS 311.690 is amended to read:

38 311.690. (1) All payments of deferred taxes shall be made to the Department of Revenue.

39 (2) Subject to subsection (3) of this section, all or part of the deferred taxes and accrued  
40 interest, **penalties and fees** may at any time be paid to the department by:

41 (a) The taxpayer or the spouse of the taxpayer.

42 (b) The next of kin of the taxpayer, heir at law of the taxpayer, child of the taxpayer or any  
43 person having or claiming a legal or equitable interest in the property.

44 (3) A person listed in subsection (2)(b) of this section may make such payments only if no ob-  
45 jection is made by the taxpayer within 30 days after the department deposits in the mail notice to

1 the taxpayer of the fact that such payment has been tendered.

2 (4) Any payment made under this section shall be applied first against accrued interest, **penal-**  
3 **ties and fees** and any remainder against the deferred taxes. **Deferred taxes include delinquent**  
4 **property taxes, interest, penalties and fees due at the time of filing the initial application for**  
5 **deferral.** Such payment does not affect the deferred tax status of the property. Unless otherwise  
6 provided by law, such payment does not give the person paying the taxes any interest in the prop-  
7 erty or any claim against the estate, in the absence of a valid agreement to the contrary.

8 (5) When the deferred taxes and accrued interest, **penalties and fees** are paid in full and the  
9 property is no longer subject to deferral, the department shall prepare and record in the county in  
10 which the property is located a satisfaction of deferred property tax lien.

11 **SECTION 7. The amendments to ORS 311.690 by section 6 of this 2007 Act apply to ap-**  
12 **plications for deferral filed on or after January 1, 2008.**

13 **SECTION 8.** ORS 311.694 is amended to read:

14 311.694. (1) At the time that the property is deeded over to the county at the conclusion of the  
15 foreclosure proceedings pursuant to ORS 312.200 the county court shall order the county treasurer  
16 to pay to the Department of Revenue from the unsegregated tax collections account the amount of  
17 deferred taxes [*and*], interest, **penalties and fees** which were not collected.

18 (2) Immediately upon payment, the county treasurer shall notify the tax collector of the amount  
19 paid to the department for the property which has been deeded to the county pursuant to ORS  
20 312.200.

21 **SECTION 9.** ORS 311.695 is amended to read:

22 311.695. (1) If the taxpayer who claimed homestead property tax deferral dies, or if a spouse who  
23 continued the deferral under ORS 311.688 dies, the Department of Revenue may extend the time for  
24 payment of the deferred taxes [*and*], interest, **penalties and fees** accruing with respect to the taxes  
25 becoming due and payable under ORS 311.686 (2) if:

26 (a) The homestead property becomes property of an individual or individuals:

27 (A) By inheritance or devise; or

28 (B) If the individual or individuals are heirs or devisees, as defined under ORS 111.005, in the  
29 course of settlement of the estate;

30 (b) The individual or individuals commence occupancy of the property as a principal residence  
31 on or before August 15 of the calendar year following the calendar year of death; and

32 (c) The individual or individuals make application to the department for an extension of time for  
33 payment of the deferred taxes [*and*], interest, **penalties and fees** prior to August 15 of the calendar  
34 year following the calendar year of death.

35 (2)(a) Subject to paragraph (b) of this subsection, an extension granted under this section shall  
36 be for a period not to exceed five years after August 15 of the calendar year following the calendar  
37 year of death. The terms and conditions under which the extension is granted shall be in accordance  
38 with a written agreement entered into by the department and the individual or individuals.

39 (b) An extension granted under this section shall terminate immediately if:

40 (A) The homestead property is sold or otherwise transferred by any party to the extension  
41 agreement;

42 (B) All of the heirs or devisees who are parties to the extension agreement cease to occupy the  
43 property as a principal residence; or

44 (C) The homestead property, a manufactured structure or floating home, is moved out of the  
45 state.

1           (3) If the department has reason to believe that the homestead property is not sufficient security  
2 for the deferred taxes and interest, the department may require the individual or individuals to  
3 furnish a bond conditioned upon payment of the amount extended in accordance with the terms of  
4 the extension. The bond shall not exceed in amount double the taxes with respect to which tax ex-  
5 tension is granted.

6           (4) During the period of extension, and until paid, the deferred taxes shall continue to accrue  
7 interest in the same manner and at the same rate as provided under ORS 311.674 (3). No interest  
8 shall accrue upon interest.

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