

Senate Bill 825

Sponsored by Senators MONNES ANDERSON, VERGER

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 **as introduced**.

Establishes income tax credit for qualified senior citizen whose residential property tax equals or exceeds \$1,500 or 3.5 percent of earned income. Applies to tax years beginning on or after January 1, 2008.

A BILL FOR AN ACT

1
2 Relating to senior citizen property tax relief.

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

4 **SECTION 1. As used in sections 1 and 2 of this 2007 Act:**

5 (1) **"Dwelling unit" means a structure or part of a structure providing complete, inde-**
6 **pendent living facilities for one or more persons, including permanent provisions for sleeping,**
7 **eating, cooking and sanitation, and the land supporting the structure or otherwise associated**
8 **with the structure and may be further defined by rule of the Department of Revenue.**

9 (2)(a) **"Occupy" means to live or dwell in or on the property even if there are temporary**
10 **absences of limited duration. A "temporary absence of limited duration" includes being ab-**
11 **sent from the principal residence for three months or less during the tax year or being ab-**
12 **sent from the principal residence due to illness.**

13 (b) **"Occupy" does not mean living in a long term care facility for the purpose of receiving**
14 **long term care.**

15 (c) **For purposes of this subsection, "temporary absence" and "long term care" may be**
16 **defined by the department by rule.**

17 (3) **"Own" means:**

18 (a) **To be the holder of record, either alone or with another or others, of a fee simple**
19 **estate, a life estate or the right to possession under a trust instrument or contract of sale.**

20 (b) **If the property is a manufactured dwelling or floating home, to be the registered**
21 **owner, either alone or together with another or others.**

22 (c) **If the property is a dwelling unit owned by a cooperative housing corporation, to be**
23 **a tenant-stockholder of that corporation.**

24 (4) **"Principal residence":**

25 (a) **Means real or personal property, subject to property taxation and located in Oregon,**
26 **that is owned and occupied by a senior citizen as a dwelling unit.**

27 (b) **Does not include any portion of a dwelling unit that is rented to another person.**

28 (c) **Does not include more than one dwelling unit in this state, even if the senior citizen**
29 **owns and occupies more than one dwelling unit that would otherwise be considered a prin-**
30 **cipal residence.**

31 (5) **"Senior citizen" means any person who is at least 65 years of age on December 31 of**

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 the year for which a senior property tax credit is claimed.

2 (6) "Taxpayer" means a person whose principal residence is the subject of a property tax
 3 levied by this state or a political subdivision of this state.

4 **SECTION 2.** (1) A qualified taxpayer shall be allowed a credit against the taxes otherwise
 5 due under ORS chapter 316 in an amount determined under subsection (2) of this section for
 6 property taxes paid or incurred by the taxpayer during the tax year on a principal residence,
 7 if:

8 (a) The taxpayer is a senior citizen;

9 (b) The taxpayer owns and occupies, or jointly owns and occupies with the spouse of the
 10 taxpayer, the principal residence;

11 (c) The taxpayer and the spouse of the taxpayer, if the spouse resides at the principal
 12 residence, have federal adjusted gross income for the year that does not exceed \$35,000; and

13 (d) The amount of property tax imposed on the principal residence exceeds 3.5 percent
 14 of the federal adjusted gross income of the taxpayer and the spouse of the taxpayer.

15 (2) The amount of the credit allowed under this section shall be equal to 3.5 percent of
 16 the taxpayer's earned income or \$1,500, whichever is less.

17 (3) In the case of a credit allowed under this section:

18 (a) If a change in the status of a taxpayer from resident to nonresident or from nonres-
 19 ident to resident occurs, the credit allowed by this section shall be determined in a manner
 20 consistent with ORS 316.117.

21 (b) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or
 22 if the Department of Revenue terminates the taxpayer's taxable year under ORS 314.440, the
 23 credit allowed under this section shall be prorated or computed in a manner consistent with
 24 ORS 314.085.

25 (4) Any tax credit otherwise allowable under this section that is not used by the taxpayer
 26 in a particular tax year may be carried forward and offset against the taxpayer's tax liability
 27 for the next succeeding tax year. Any credit remaining unused in the next succeeding tax
 28 year may be carried forward and used in the second succeeding tax year, and likewise, any
 29 credit not used in that second succeeding tax year may be carried forward and used in the
 30 third succeeding tax year, and any credit not used in that third succeeding tax year may be
 31 carried forward and used in the fourth succeeding tax year, but may not be carried forward
 32 for any tax year thereafter.

33 **SECTION 3.** Sections 1 and 2 of this 2007 Act apply to tax years beginning on or after
 34 January 1, 2008.

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