

REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly

2008 Special Session

Legislative Revenue Office

Bill Number: SB 1077-A

Area: Property Tax

Economist: Ayala

Date: February 15, 2008

REVISED

Measure Description:

Establishes a credit against personal income taxes for property taxes paid by qualified elderly owner-occupants of their homes. Qualified owners must be at least 75 years of age with household income that does not exceed \$25,000. The amount of the credit that can be claimed in any one year can not exceed the lesser of \$300, or the amount of property tax that exceeds 6.5% of the household's adjusted gross income (AGI), or the household's income tax liability. Unused credits can be carried forward to subsequent years, up to the \$300 limitation that exists in any one year. Applies to tax years on or after January 1, 2009.

Revenue Impact:

	2007-08	2008-09 \$millions	2007-09 Biennium \$millions	2009-11 Biennium \$millions
State General Fund	0	0	0	-2.4
State Other Funds	0	0	0	0
Local Government	0	0	0	0
Local School Districts	0	0	0	0

Impact Explanation:

Data-

1. In 2006, roughly 26,643 senior owner-occupants of homes in Oregon had household income below \$25,000; and 5,700 had income below \$10,000. (Source: U.S.Census American Community Survey 2006, Tables 2502 and 19037).

2. The 2006 value of owner occupied homes in Oregon

Lower quartile value = \$160,000

Median Value mobile home = \$62,000

(Source: U.S.Census American Community Survey 2006, Tables 25107, 25111 and 25083).

3. The average income tax by income group in 2004

<\$10,000: Average Tax \$75.

\$10,000 and < \$15,000 Average Tax \$301

\$15,000 and <25,000 Average Tax = \$666

(Source: 2007 Oregon Public Finance Basic Facts, LRO Research Report #1-07, Table C, p., C11).

Assumptions-

1. Household Income is highly correlated with housing values. The value of homes owned households with income between \$15,000 & \$24,999 equal to lower quartile value of home values (i.e., \$160,000); and home values of households with income below \$15,000 will be \$62,000.

2. The effective income tax rates by income range are the same for each age group.

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3. No behavior change is anticipated that would reduce participation in the Senior and Disabled Property Tax Deferral (SDPTD) Program. However, if some seniors enrolled in SDPTD Program do withdraw from it because they choose to claim the proposed credit, then the revenue impact estimates will be lower.