

# Senate Bill 349

Sponsored by Senator MONROE (at the request of Ron McCarty)

## 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 principal residence property tax exemption of 50 percent for certain senior citizens. Applies to tax years beginning on or after July 1, 2011.

Establishes principal residence property exemption of 50 percent from local option ad valorem property taxation for certain senior citizens. Applies to local option property taxes approved after January 1, 2011, and to tax years beginning on or after July 1, 2011.

Refers measure to people for approval or rejection at next general election.

## A BILL FOR AN ACT

1  
2 Relating to senior citizen principal residence property tax exemption; creating new provisions;  
3 amending ORS 310.692; and providing that this Act shall be referred to the people for their ap-  
4 proval or rejection.

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

6 **SECTION 1. As used in sections 1 to 10 of this 2009 Act:**

7 (1) **"Dwelling unit" means:**

8 (a) **A structure or part of a structure providing complete, independent living facilities for**  
9 **the use of one or more persons, that has space for living, eating, sleeping and permanent**  
10 **provisions for cooking and sanitation; and**

11 (b) **The land supporting the structure or otherwise associated with the structure.**

12 (2)(a) **"Principal residence" means:**

13 (A) **Real or personal property, subject to property taxation and located in Oregon, that**  
14 **is owned and occupied as a dwelling unit by a taxpayer or jointly owned and occupied as a**  
15 **dwelling unit by the taxpayer and the taxpayer's spouse for at least nine months during each**  
16 **year and the tax lot upon which the dwelling unit is located; and**

17 (B) **If the dwelling unit is located in a structure with multiple dwelling units, the portion**  
18 **of the structure used as the dwelling unit and a percentage of the common elements and the**  
19 **tax lot upon which the structure is built that is attributed by annual assessment to the**  
20 **dwelling unit.**

21 (b) **A taxpayer owns a principal residence if the taxpayer:**

22 (A) **Is the holder of record title, either alone or with others, to a fee simple estate in the**  
23 **principal residence, a life estate in the principal residence or the right to possess the prin-**  
24 **cipal residence under a trust instrument or contract of sale;**

25 (B) **Is the registered owner, either alone or with others, of a manufactured dwelling or**  
26 **floating home; or**

27 (C) **Is a tenant-stockholder of a cooperative housing corporation.**

28 (3) **"Property tax imposed":**

29 (a) **Means property tax within the meaning of section 11b, Article XI, Oregon Constitu-**

**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 tion, and:

2 (A) In the case of one or more tax lots constituting a single dwelling unit, the entire  
3 property tax imposed.

4 (B) In the case of one or more tax lots constituting two or more dwelling units, the en-  
5 tire property tax imposed divided by the number of dwelling units.

6 (C) In the case of an apartment or unit owned or leased by a cooperative housing cor-  
7 poration, the tenant-stockholder's proportionate share of the property tax imposed.

8 (b) Does not mean:

9 (A) Property tax imposed on land that is specially assessed under ORS 308A.050 to  
10 308A.128, 308A.300 to 308A.330, 321.257 to 321.390, 321.700 to 321.754 or 321.805 to 321.855 or,  
11 if so determined by the Department of Revenue by rule, property tax imposed on any other  
12 land that is not valued at real market value but is specially valued for ad valorem property  
13 tax purposes.

14 (B) Property tax imposed on land area in excess of one acre, or the minimum land area  
15 by zoning, whichever is greater, or if there is no specific minimum land area upon which a  
16 residence may be constructed provided in the zoning ordinance, property tax imposed against  
17 land area in excess of one acre.

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

20 **SECTION 2.** (1) Upon the taxpayer's compliance with sections 1 to 10 of this 2009 Act,  
21 and subject to sections 1 to 10 of this 2009 Act, the Department of Revenue shall pay 50  
22 percent of the property taxes imposed on the principal residence of a taxpayer if:

23 (a) The taxpayer is 65 years of age or older on December 31 of the tax year for which the  
24 claim is made; and

25 (b) Has household income as defined in ORS 310.630 that does not exceed \$24,999.

26 (2) The department shall pay the property taxes under this section from the suspense  
27 account referred to in ORS 310.692, as prescribed under section 4 of this 2009 Act.

28 (3) The department may not pay more than 50 percent of property taxes under this sec-  
29 tion for any principal residence of a taxpayer in any tax year.

30 (4) Notwithstanding subsection (1) of this section, if the payments required under this  
31 section are proportionally reduced under ORS 310.692, the department shall pay the per-  
32 centage of property taxes imposed on a principal residence as proportionally reduced.

33 **SECTION 3.** (1) A taxpayer may apply for a principal residence property tax exemption  
34 by filing an application with the Department of Revenue on or before July 1 of the calendar  
35 year in which the tax year begins for which the application relates.

36 (2) The taxpayer shall submit an application in the form prescribed by the department.  
37 The application must contain the following:

38 (a) The name of the taxpayer as it appears on the applicant's Social Security card.

39 (b) The Social Security number of the taxpayer.

40 (c) The date of birth of the taxpayer.

41 (d) The names and Social Security numbers of all family members of the taxpayer resid-  
42 ing at the taxpayer's principal residence.

43 (e) The total household income of the taxpayer and the taxpayer's family residing at the  
44 taxpayer's principal residence.

45 (f)(A) The tax lot number or numbers or other identification for the taxpayer's principal

1 residence; or

2 (B) The name and address for a cooperative housing corporation and a statement from  
3 the appropriate officer of the corporation or the taxpayer that contains the tax information  
4 needed to determine the amount of the payment the department must make under section  
5 2 of this 2009 Act.

6 (3) If the statement required under subsection (2)(f)(B) of this section cannot be obtained,  
7 upon request of the department or the taxpayer and upon payment by the taxpayer of the  
8 fee described under subsection (5) of this section, the county assessor shall determine the  
9 amount of property tax imposed, and shall inform the department of the amount so deter-  
10 mined. No appeal may be taken from a determination made under this subsection.

11 (4) The department may require any other information the department determines is  
12 necessary to process applications under this section.

13 (5) The department may require that a taxpayer under this section file with the depart-  
14 ment a statement from the appropriate county assessor the amount of property tax imposed  
15 on the principal residence and the year for which the property tax was imposed. At the re-  
16 quest of the taxpayer, and upon payment of a uniform fee to defray the expense as deter-  
17 mined by the county governing body, the county assessor shall assist the taxpayer in  
18 identifying the tax lot number of the principal residence.

19 **SECTION 4.** (1) The Department of Revenue shall approve or disapprove an application  
20 for a principal residence property tax exemption filed under section 3 of this 2009 Act on or  
21 before August 1 of the tax year to which the application relates.

22 (2) Upon approval of the application, the department shall forward the following infor-  
23 mation to the county assessor of the county within which the principal residence of the  
24 taxpayer is located:

25 (a) The name and Social Security number of the taxpayer.

26 (b) The tax lot number or other identification of the property.

27 (3)(a) Upon receipt of the information described under subsection (2) of this section, the  
28 county assessor shall identify the property on the assessment and tax roll.

29 (b) For the property identified under this subsection, the county assessor shall compute  
30 the amount that is to be paid by the department under section 2 of this 2009 Act and shall  
31 certify the amount to the department.

32 (c) The county assessor shall reduce the amount of taxes otherwise billed for the prop-  
33 erty by the amount to be paid by the department under section 2 of this 2009 Act.

34 (d) In addition to the items required under ORS 311.250 to appear on the tax statement  
35 for the property, the tax statement shall contain the total amount of the current taxes due  
36 that are paid or to be paid by the department under section 2 of this 2009 Act.

37 (4) Upon receipt of the certification under subsection (3) of this section, the department  
38 shall notify the county assessor of the amount paid and shall pay to the county treasurer  
39 of the county from which the certification was issued the amount so certified. The amount  
40 so paid shall be deposited by the county treasurer to the unsegregated tax collections ac-  
41 count established under ORS 311.385 and shall be distributed to the taxing units of the county  
42 in the same manner as the other property tax collections are distributed under ORS 311.390.  
43 Payment under this subsection shall be made by the department from the suspense account  
44 referred to in ORS 310.692.

45 (5) The department shall pay the total amount certified to the county treasurer without

1 the discount allowed under ORS 311.505 in three approximately equal installments in No-  
2 vember, February and May.

3 (6) The payments received by the county treasurer from the department shall be dis-  
4 tributed to the taxing units of the county using the schedule of percentages determined un-  
5 der ORS 311.390 then in effect.

6 **SECTION 5.** (1) The Department of Revenue shall disapprove an application filed under  
7 section 3 of this 2009 Act if the department has reason to believe that the household income  
8 information or other information contained in the application is inaccurate. Appeal of the  
9 disapproval may be made to the Oregon Tax Court in the manner provided under ORS  
10 305.275, and must be made within 90 days after the notice of disapproval is mailed.

11 (2) If an application contains information that the department determines to be false and  
12 provided with intent to evade taxation, the department shall disapprove the application and  
13 notify the county assessor of the county within which the property is located.

14 (3) If the sole issue on appeal under subsection (1) of this section is the failure to timely  
15 file the application described under section 3 of this 2009 Act, the appeal must be made within  
16 the time and in the manner provided under ORS 307.475. No further appeal may be made  
17 from an order on an appeal under this subsection.

18 (4) If an appeal results in a refund, the refund shall be made in the manner provided  
19 under section 7 of this 2009 Act.

20 **SECTION 6.** (1) If taxes are required to be prepaid as provided under ORS 311.370, the  
21 amount of taxes that are required to be prepaid for the principal residence shall be computed  
22 and paid without regard to sections 1 to 10 of this 2009 Act as provided under subsection (2)  
23 of this section.

24 (2) Following extension of the taxes under ORS 311.370 (1)(b) and at the time for making  
25 the adjustments under ORS 311.370 (4), the tax collector shall notify the Department of Re-  
26 venue and the county treasurer of the amount the state is obligated to pay under section 2  
27 of this 2009 Act and the identity of the taxpayer who made the prepayment. Thereafter, the  
28 payment shall be made by the county treasurer to the taxpayer and the state shall reimburse  
29 the county treasurer in the manner provided in section 4 (4) of this 2009 Act.

30 **SECTION 7.** (1) If, for any reason, the Department of Revenue makes a payment under  
31 sections 1 to 10 of this 2009 Act and that payment should not have been made, subject to  
32 ORS 311.235, the amount of the payment shall be added to the assessment and tax roll as an  
33 error correction under ORS 311.205 and shall be due and payable, with or without interest,  
34 as provided in ORS 311.206.

35 (2) If ORS 311.235 prohibits a correction as described in subsection (1) of this section  
36 from becoming a lien on the property, the amount of the correction is a debt due and owing  
37 from the person who received the payment or the benefit of the payment under sections 1  
38 to 10 of this 2009 Act and may be collected under any of the provisions of the law relating  
39 to the collection of personal property taxes.

40 (3) Any payment made by the department under sections 1 to 10 of this 2009 Act, and any  
41 amount added to the assessment and tax roll under subsection (1) of this section shall be  
42 processed under the rules adopted by the department.

43 (4) If any correction results in a refund to any person, the appropriate officer shall make  
44 the refund from the unsegregated tax collections account established under ORS 311.385. If  
45 any correction results in an additional amount due from any person to the county, the funds,

1 when collected, shall be deposited in the unsegregated tax collections account established  
2 under ORS 311.385.

3 (5) For each county there is established a special adjustment account. The account shall  
4 reflect all roll corrections in connection with sections 1 to 10 of this 2009 Act. Any net bal-  
5 ance due, as reflected by the account as of June 30 of each year, shall be certified to the  
6 county assessor for inclusion in the next certification under section 4 of this 2009 Act. In-  
7 terest paid or collected on account of any adjustment in payment under sections 1 to 10 of  
8 this 2009 Act may not be included in the adjustment account. The net balance as of June 30  
9 is a net increase or decrease in the funds available in the suspense account referred to in  
10 ORS 310.692.

11 (6) Interest may not accrue to or be paid by the state or the county on any balance in  
12 the special adjustment account established in subsection (5) of this section or the suspense  
13 account referred to in ORS 310.692 on account of sections 1 to 10 of this 2009 Act.

14 **SECTION 8.** (1) On or before December 15 of each year, the Department of Revenue shall  
15 send a notice to each taxpayer who has claimed a principal residence property tax exemption  
16 under section 2 of this 2009 Act for the current tax year. The notice must:

17 (a) Inform the taxpayer that the property has or has not qualified for the principal resi-  
18 dence property tax exemption for the current tax year.

19 (b) Inform the taxpayer that the taxpayer must file an application for the exemption  
20 under section 3 of this 2009 Act on or before July 1 of the next year in order for the property  
21 to receive the principal residence property tax exemption for the next tax year.

22 (c) Contain any other information that the department considers necessary to facilitate  
23 administration of the principal residence property tax exemption.

24 (2) The department shall give the notice required under subsection (1) of this section by  
25 an unsealed postcard or other form of mail sent to the residence address of the taxpayer as  
26 shown in the application for the exemption or as otherwise determined by the department  
27 to be the correct address of the taxpayer.

28 **SECTION 9.** (1) For each property tax year beginning on or after July 1, 2012, the De-  
29 partment of Revenue shall recompute the maximum household income that may be incurred  
30 under an allowable claim for the principal residence property tax exemption under section 2  
31 of this 2009 Act. The computation shall be as follows:

32 (a) Divide the average U.S. City Average Consumer Price Index for the first six months  
33 of the current calendar year by the average U.S. City Average Consumer Price Index for the  
34 first six months of 2011.

35 (b) Recompute the maximum household income by multiplying \$24,999 by the appropriate  
36 indexing factor determined as provided in paragraph (a) of this subsection.

37 (2) As used in this section, "U.S. City Average Consumer Price Index" means the U.S.  
38 City Average Consumer Price Index for All Urban Consumers (All Items) as published by the  
39 Bureau of Labor Statistics of the United States Department of Labor.

40 **SECTION 10.** (1) The county assessor and the Department of Revenue shall cooperate in  
41 carrying out the purposes of sections 1 to 10 of this 2009 Act, including but not limited to  
42 developing procedures to ensure compliance with the household income standards for eligi-  
43 bility for the principal residence property tax exemption under section 2 of this 2009 Act.

44 (2) The department may make rules, including the defining of terms, to carry out the  
45 purposes of sections 1 to 10 of this 2009 Act.

1       **SECTION 11. Sections 1 to 10 of this 2009 Act apply to property tax years beginning on**  
2 **or after July 1, 2011.**

3       **SECTION 12.** ORS 310.692 is amended to read:

4       310.692. (1) Amounts necessary to make the payments authorized by ORS 307.244 and 310.635  
5 **and section 4 of this 2009 Act** shall be transferred to a suspense account established under ORS  
6 293.445 from the appropriation made by the Legislative Assembly to fund the elderly rental assist-  
7 ance [*program.*] **and principal residence exemption programs.** Moneys in the suspense account  
8 are continuously appropriated to the Department of Revenue to carry out the purposes of the elderly  
9 rental assistance [*program.*] **and principal residence exemption programs.**

10       (2) If any portion of the tax liability for which the refund payments described in subsection (1)  
11 of this section are authorized are offset against the refund, the Department of Revenue shall transfer  
12 from the suspense account referred to in subsection (1) of this section to the General Fund an  
13 amount equal to the income tax liability.

14       (3) Of the total amount transferred to the suspense account referred to in subsection (1) of this  
15 section for the biennium, the department shall allocate a portion to each fiscal year. The allocation  
16 shall be the department's best estimate of the most efficient use of the moneys in the suspense ac-  
17 count so as to minimize any reductions in the payments required under ORS 307.244 and 310.635  
18 **and section 4 of this 2009 Act** for each fiscal year.

19       (4)(a) On or before November 1 of each fiscal year of each biennium, the Department of Revenue  
20 shall determine the amount of money needed to make the payments under ORS 307.244 and 310.635  
21 **and section 4 of this 2009 Act** for that fiscal year.

22       (b)(A) If the sum of the obligations is greater than the amounts credited to the suspense account  
23 referred to in subsection (1) of this section and allocated to that fiscal year for those obligations  
24 under subsection (3) of this section, **after allocating the amount necessary to pay the obligations**  
25 **under section 4 of this 2009 Act**, the payments required under ORS 307.244 and 310.635 shall be  
26 proportionally reduced so that the state does not accrue a debt in excess of the amount credited.

27       (b) **If, after allocating the amount necessary to pay the obligations under section 4 of**  
28 **this 2009 Act, the sum of the obligations is greater than the amounts credited to the sus-**  
29 **pense account referred to in subsection (1) of this section and allocated to that fiscal year**  
30 **for those obligations under subsection (3) of this section, the payments required under sec-**  
31 **tion 4 of this 2009 Act shall be proportionally reduced so that the state does not accrue a**  
32 **debt in excess of the amount credited.**

33       (c) A claim for payment may not accrue to a taxpayer under ORS 310.635 **or section 4 of this**  
34 **2009 Act** or to a county under ORS 307.244 in excess of the amount determined under this sub-  
35 section.

36       (5) If the amount allocated to the first fiscal year of a biennium under subsection (3) of this  
37 section exceeds the amount of actual payments made under ORS 307.244 or 310.635 **or section 4**  
38 **of this 2009 Act**, the excess amount shall be available for payments under ORS 307.244 or 310.635  
39 **or section 4 of this 2009 Act** in the second fiscal year of the biennium.

40       **SECTION 13. The amendments to ORS 310.692 by section 12 of this 2009 Act apply to**  
41 **fiscal years beginning on or after July 1, 2011.**

42       **SECTION 14. As used in sections 14 to 16 of this 2009 Act:**

43       (1) "Dwelling unit" means:

44       (a) **A structure or part of a structure providing complete, independent living facilities for**  
45 **the use of one or more persons, that has space for living, eating, sleeping and permanent**

1 provisions for cooking and sanitation; and

2 (b) The land supporting the structure or otherwise associated with the structure.

3 (2)(a) "Principal residence" means:

4 (A) Real or personal property, subject to property taxation and located in Oregon, that  
5 is owned and occupied as a dwelling unit by a taxpayer or jointly owned and occupied as a  
6 dwelling unit by the taxpayer and the taxpayer's spouse for at least nine months during each  
7 year and the tax lot upon which the dwelling unit is located; and

8 (B) If the dwelling unit is located in a structure with multiple dwelling units, the portion  
9 of the structure used as the dwelling unit and a percentage of the common elements and the  
10 tax lot upon which the structure is built that is attributed by annual assessment to the  
11 dwelling unit.

12 (b) A taxpayer owns a principal residence if the taxpayer:

13 (A) Is the holder of record title, either alone or with others, to a fee simple estate in the  
14 principal residence, a life estate in the principal residence or the right to possess the prin-  
15 cipal residence under a trust instrument or contract of sale;

16 (B) Is the registered owner, either alone or with others, of a manufactured dwelling or  
17 floating home; or

18 (C) Is a tenant-stockholder of a cooperative housing corporation.

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

21 **SECTION 15.** (1) Upon a taxpayer's compliance with section 16 of this 2009 Act, a princi-  
22 pal residence is exempt from local option ad valorem property tax if the taxpayer:

23 (a) Is 65 years of age or older on December 31 of the tax year for which a claim is made;  
24 and

25 (b) Has a household income of \$24,999 or less.

26 (2) The amount of the exemption equals the amount of the local option ad valorem  
27 property tax that exceeds 50 percent of the local option ad valorem property tax assessed  
28 against the taxpayer's primary residence for the prior tax year.

29 **SECTION 16.** (1)(a) Except as otherwise provided in this subsection, a taxpayer qualifying  
30 for the exemption under section 15 of this 2009 Act shall file with the county assessor, on  
31 forms supplied by the assessor, a claim in writing on or before April 1 of the assessment year  
32 for which the exemption is claimed. When the property designated is acquired after March  
33 1 but prior to July 1 the claim shall be filed within 30 days after the date of acquisition.

34 (b) Not later than April 10 of each year, the county assessor shall notify each taxpayer  
35 in the county who secured an exemption under section 15 of this 2009 Act in the preceding  
36 year but who did not file a claim for exemption on or before April 1 of the current year. The  
37 notice must inform the taxpayer that the assessor has not received a claim for exemption  
38 for the primary residence from the taxpayer for the current tax year. The notice may be  
39 given on an unsealed postcard. Any taxpayer so notified may secure the exemption, if still  
40 qualified, by making application for the exemption to the county assessor not later than May  
41 1 of the current year, accompanied by a late-filing fee of \$10 that shall be deposited in the  
42 general fund of the county for general governmental expenses. If the claim for any year is  
43 not filed within the time specified, the exemption may not be allowed on the assessment roll  
44 of that year.

45 (2)(a) The claim filed under subsection (1) of this section must include the basis of the

1 **claim and designate the property to which the exemption may apply. The claim must also**  
2 **contain:**

3 **(A) The name of the taxpayer as it appears on the taxpayer's Social Security card.**

4 **(B) The Social Security number of the taxpayer.**

5 **(C) The date of birth of the taxpayer.**

6 **(D) The tax lot number or numbers or other identification for the taxpayer's principal**  
7 **residence.**

8 **(E) The names and Social Security numbers of all family members of the taxpayer re-**  
9 **siding at the taxpayer's principal residence.**

10 **(F) The total household income of the taxpayer and the taxpayer's family residing at the**  
11 **taxpayer's principal residence.**

12 **(b) The taxpayer shall affix to the claim an affidavit or affirmation signed by the taxpayer**  
13 **that the statements contained in the claim are true.**

14 **SECTION 17. Sections 14 to 16 of this 2009 Act apply to local option taxes approved after**  
15 **January 1, 2011, and property tax years beginning on or after July 1, 2011.**

16 **SECTION 18. This 2009 Act shall be submitted to the people for their approval or re-**  
17 **jection at the next regular general election held throughout this state.**

18