



*Standing up for senior, disabled and low income homeowners in Oregon*

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Statement of David Raphael, Alliance of Vulnerable Homeowners

in support of HB 2507

Before the

House Revenue Committee

Salem, Oregon

April 10, 2013

Chairman Barnhart, Vice-Chair Berger, and members of the Revenue Committee, my name is David Raphael, and I am representing the *Alliance of Vulnerable Homeowners*, a statewide group of citizens representing many former participants in Oregon's Senior and Disabled Property Tax Deferral program. We try to serve as a voice for senior, low income and disabled Oregon homeowners. I appreciate the opportunity to submit these comments.

I am here today to support HB2507. The bill proposes a joint study of the costs and benefits of offering homestead property tax exemptions to distressed homeowners, a study to be conducted by the Department of Revenue and this Committee's staff. We hope that such a study will bring us a step closer to actually implementing a state Homestead Property Tax Exemption Program.

Most states, including Oregon, have homestead exemption laws that protect homeowners from foreclosures and forced sales of their primary residence. In addition, some states partially exempt seniors and other vulnerable homeowners from property taxes. So far, Oregon offers only a modest exemption to veterans.

Homestead tax exemption programs vary widely from state to state. Some exempt a portion of all homeowners' property from taxation. Seniors, veterans and disabled homeowners may claim additional exemptions. For example, all Florida residents can write off the first \$50,000 of assessed value from their property taxes. Seniors can apply for an additional \$50,000 exemption.

Other states have introduced "circuit-breaker" programs, which are triggered whenever increases in property taxes outpace homeowners' ability to pay. Oklahoma's circuit breaker program exempts a portion of property taxes whenever they exceed 1% of household income.

Several states simply freeze assessed value, offering a moratorium on future tax increases. In Washington, for example, senior and disabled homeowners can apply to have their property values frozen for tax purposes, exempting them from future increased assessments and special levies. The purpose of all these initiatives is to provide tax relief to those who need it most, and to shift the tax burden upward along the income scale.

A number of bills have been introduced this legislative session designed to assist taxpayers facing mounting property tax bills, including reinstating some senior homeowners with reverse mortgages in the property tax deferral program. We hope there will be further work on that issue this session, but a tax deferral is just a loan -- a way of postponing the payment of taxes until homeowners die or sell their homes.

Many older or disabled homeowners living on fixed or dwindling incomes are unable to keep up with constantly rising property taxes and may need additional assistance if they are to remain in their homes. Others may be too far underwater to qualify for deferral assistance. And, as your experience with the deferral program has pointed out, some of the lowest income homeowners need the cash locked up in their home equity just to live on, and have been forced to take out a reverse mortgage. In the future, they would not be eligible to participate in the state's property tax deferral program, so the relief offered by a homestead tax exemption program may be essential. In all of these situations, allowing people to remain in their own homes and communities it is recognized as an important goal, as well as being in the interest of the state and all Oregon taxpayers.

That's why we ought to have a thoughtful discussion about the equity and fairness of our current property tax system, including the need for additional tax relief measures such as an expanded exemption program. To get the ball rolling, House Bill 2507 proposes to study the desirability of creating a broadly focused Homestead Tax Exemption program, and to look at the costs to the counties as well as the state of such an approach. Even if this legislative session doesn't get around to actually reforming our tax system, it is an opportune time to begin looking at the benefits of such a tax exemption program for the future. That discussion is long overdue.

Thank you for allowing us to testify. I would be happy to try to respond to any questions that you may have.