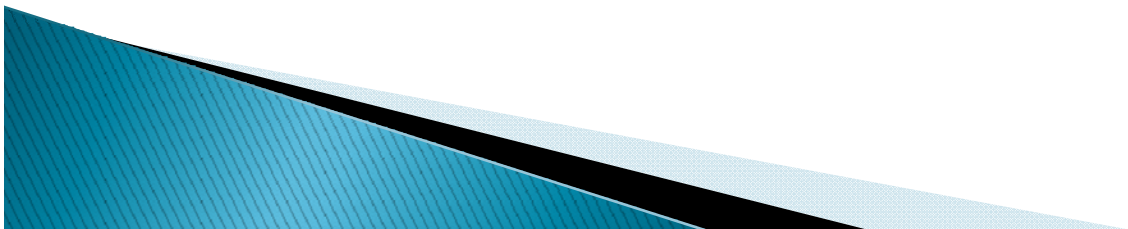


Property Tax Deferral for Senior and Disabled Citizens

Program History and Recent Law Changes

What are Oregon's Deferral Programs?

- ▶ Programs that allow qualifying Senior and Disabled citizens to delay paying property taxes on their residence.
- ▶ The state will pay the property taxes on their behalf in exchange for a lien against the property.



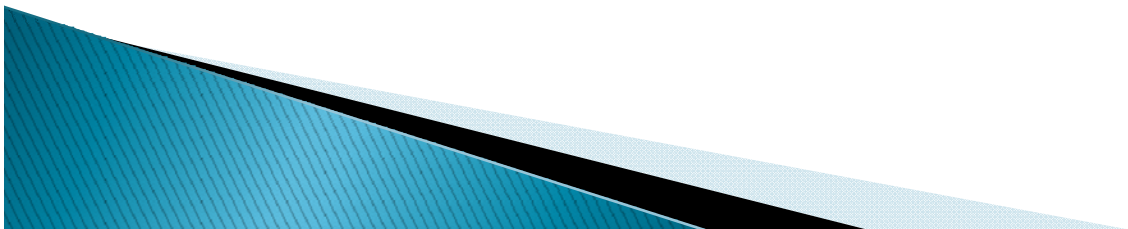
Other Program Information:

- ▶ Taxpayers are required to re-certify that they meet the program requirements every two years.
- ▶ The taxpayers disqualify from the program if:
 - The taxpayer dies
 - The property is sold (or changes ownership)
 - The taxpayer moves from the property for other than health related reasons.
 - The home is moved out of state (manufactured structures or floating home)



History of Deferral – Pre 2009

- ▶ Inception date of 1963
- ▶ Self-Sustaining Program
- ▶ Legislation transferred \$250,000 (2006) and \$14.3 million (2008) to Oregon Project Independence (OPI)



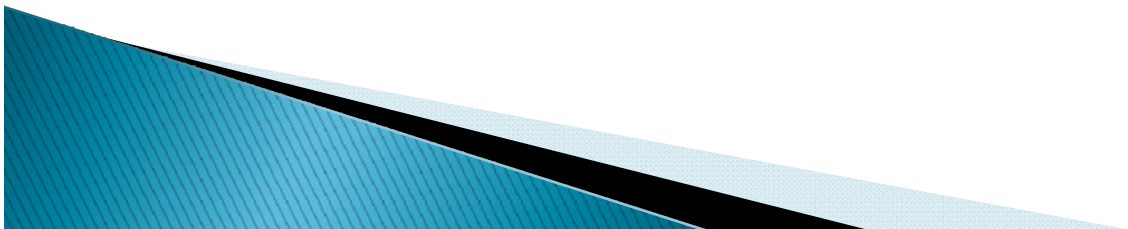
2009

Distressed Residential Market

- ▶ The forecast of the program revealed it would no longer be self-sustaining.

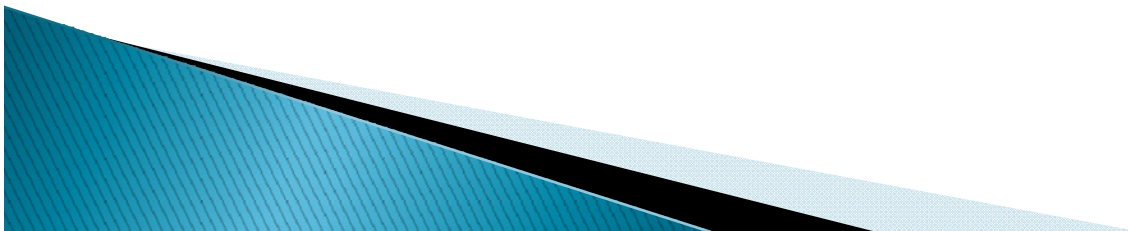
Factors:

1. Dropping home values
2. Decline in home sales that reduced program cash flow
3. Increased program participation



Outcome of the Distressed Market

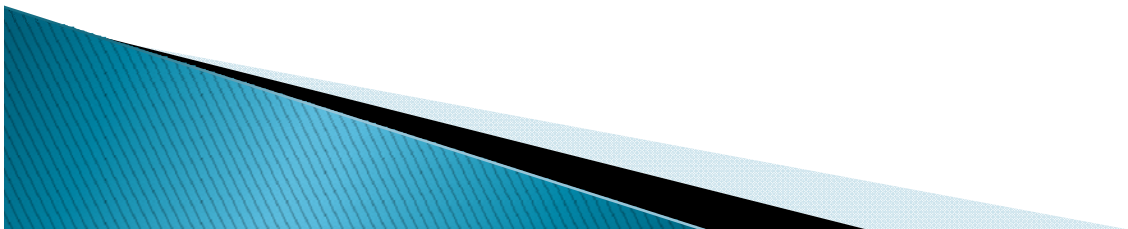
- ▶ Delayed payment to counties of the 2010 deferred property taxes
- ▶ May 2011, deferral account had a zero balance
- ▶ SB 939 (2011) – Oregon State Treasury loaned \$19 million to deferral program
- ▶ HB2543 (2011)– Structural Changes



2011

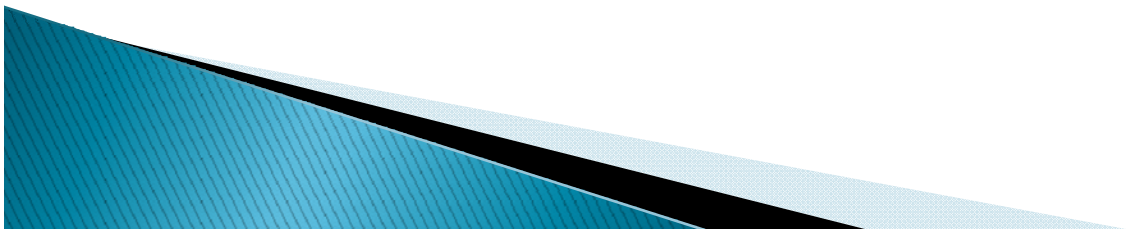
HB 2543 Overview

- ▶ Previous requirements of the program:
 1. Income–Federal Adjusted Gross Income (FAGI)
 2. Age (62 or older) or Disabled



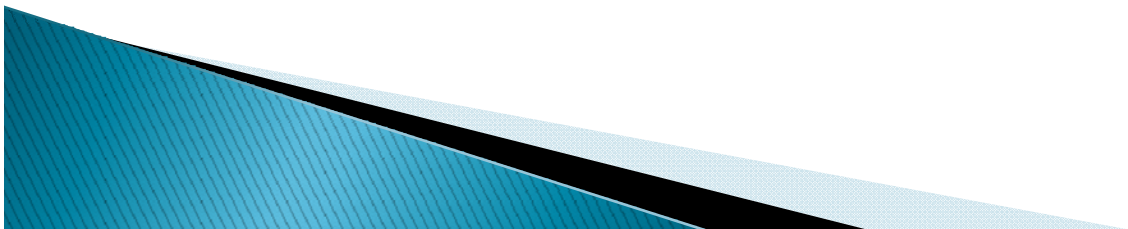
HB 2543 (2011) Changes

- ▶ New Requirements of the program:
 1. Income (Household)
 2. RMV limitation– County Median
 3. Proof of insurance
 4. 5–year residency requirement
 5. Exclusion of homes with reverse mortgages
 6. Household asset limitation



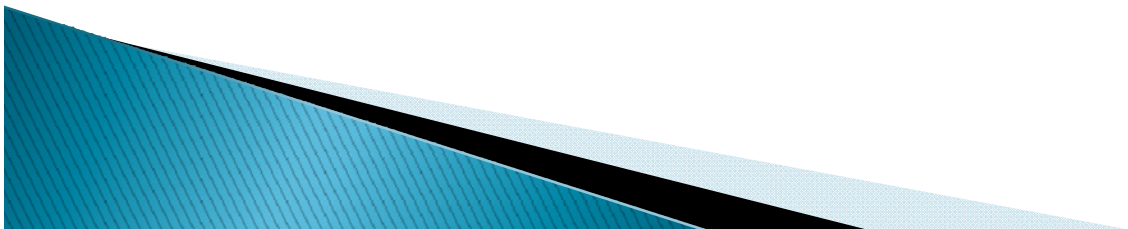
HB 2543 (2011) Changes (Con't)

- ▶ Other Major Changes in the program:
 1. Recertification once every two years
 2. 6% compound interest calculation



Effects from HB 2543 (2011)

- ▶ Program participation dropped due to increased requirements
- ▶ Upset taxpayers
- ▶ Thousands of calls/emails to DOR & Legislators

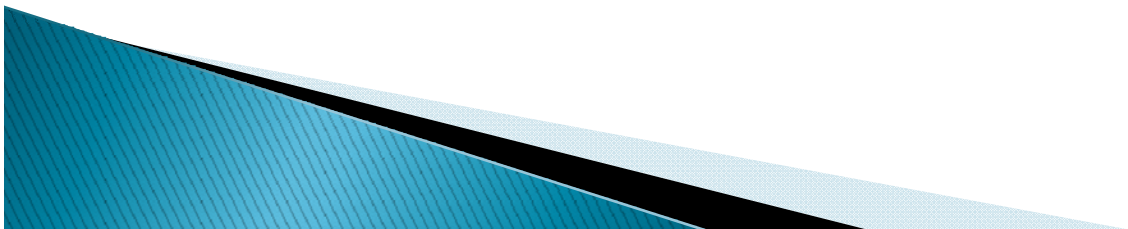


2012 Legislative Change

HB 4039

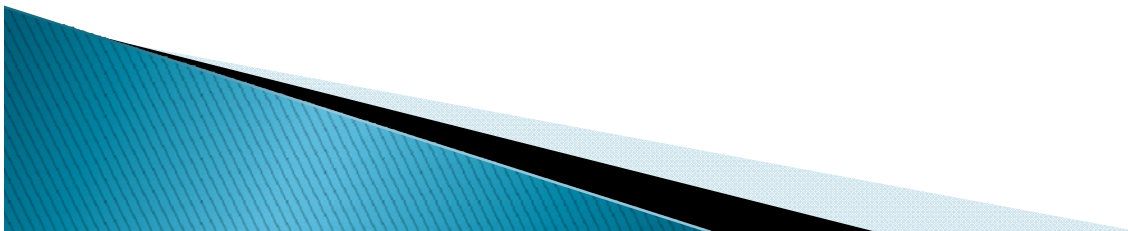
Highlight

- ❖ Reverse mortgage extension – two year reprieve for anyone inactivated from the program solely due to a reverse mortgage and sent in a recertification by Feb. 1, 2012 (approx. 1,500 affected)



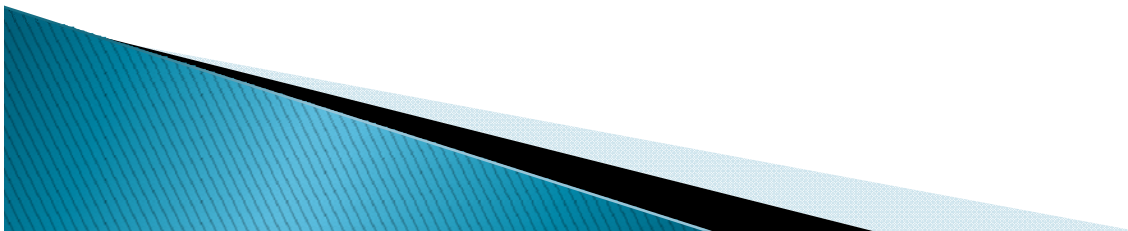
2013 Legislative Changes

- ▶ HB 2489
- ▶ HB 2510




HB 2489 Highlight

- ▶ Allows for a permanent extension for the HB 4039 cohort (approx. 1,500) even though they have a reverse mortgage.



HB 2510 Highlights

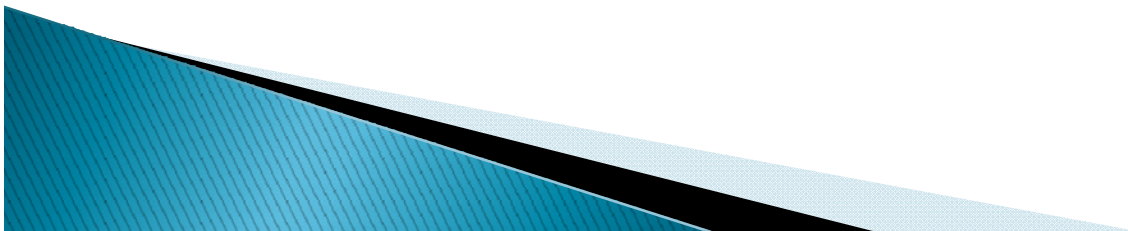
- ▶ Allows participants who were inactivated in 2011 solely due to having a reverse mortgage, or not meeting the 5-year residency requirement, or both, to participate again starting 1/1/2014.
 - ▶ New participants from this change will be limited to **700** for the 2014/15 property tax year, with an allowed growth of 5% each year thereafter.
 - Actual new participants from this change in 2014 = **157**
- 

2014 Legislative Change

HB 4148

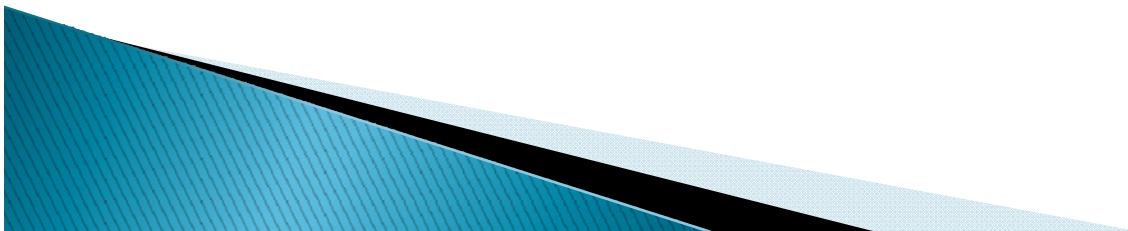
Highlight

- ▶ Revert back to simple interest by 2016



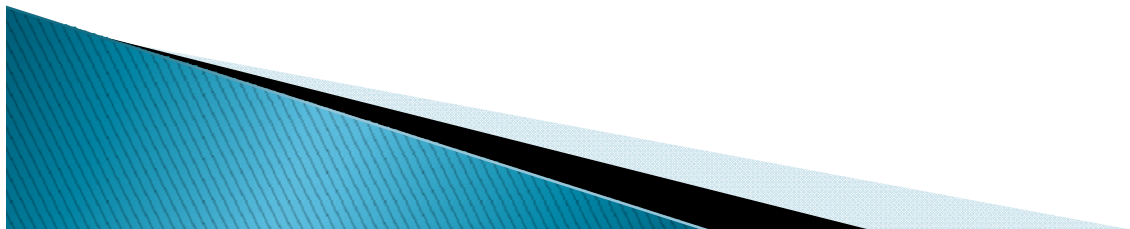
2015 – Core Systems Replacement

- ▶ Deferral program in Rollout 2

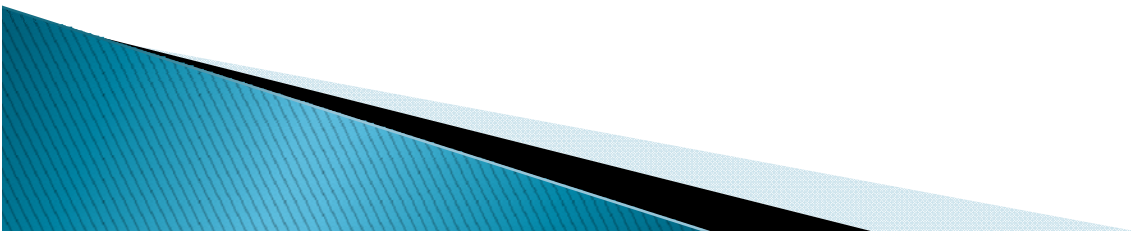
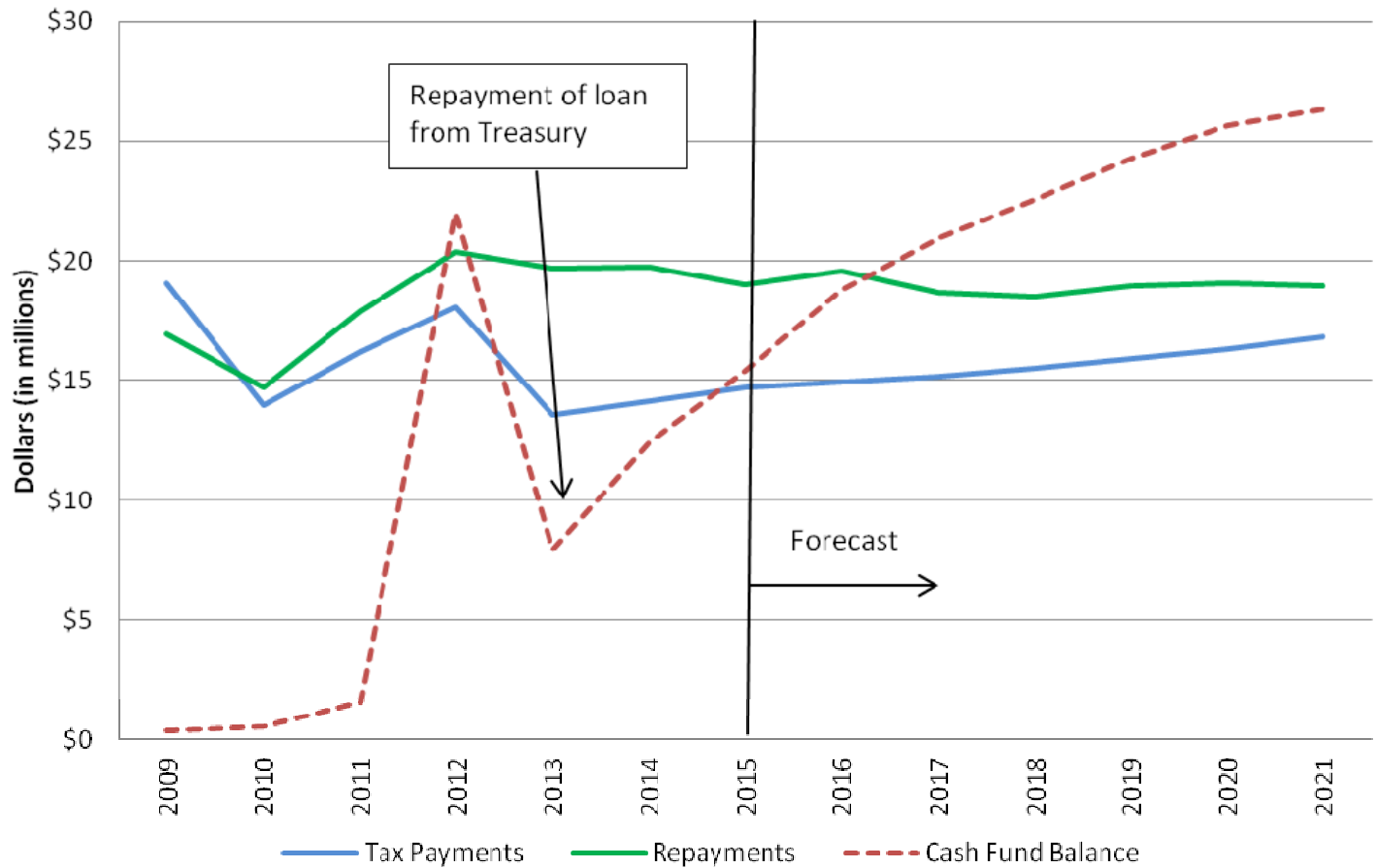


Revolving Account Yearly (Dec.– Dec.)

	Dec 2011 to Dec 2012	Dec 2012 to Dec 2013	Dec 2013 to Dec 2014	Dec 2014 to Dec 2015	<i>Projected:</i>	
					Dec 2015 to Dec 2016	Dec 2016 to Dec 2017
December 1 st Balance	1.6	22.0	7.9	12.4	15.4	18.8
Repayments	20.4	19.7	19.8	19.0	19.6	18.7
Administrative Costs	-0.9	-1.0	-1.2	-1.3	-1.3	-1.4
Loan	19.0					
Loan Repayment		-19.2				
Tax bill	-18.1	-13.6	-14.1	-14.7	-14.9	-15.2
December 1 st Balance	22.0	7.9	12.4	15.4	18.8	20.9



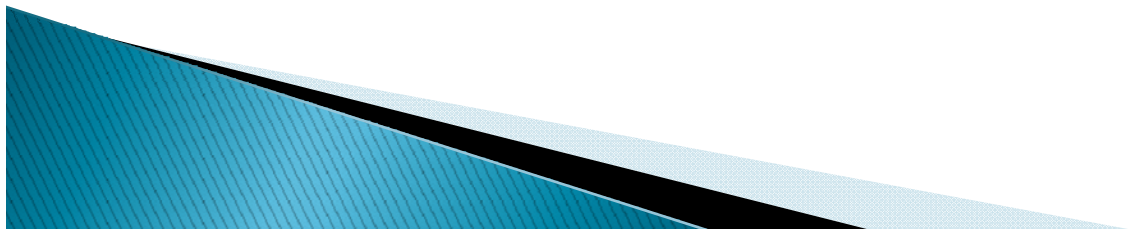
Senior and Disabled Deferral Program Long-Term Forecast
As of December 1st each Calendar Year
DOR Research Section, March 2015



Total Accounts

As of November 17, 2014

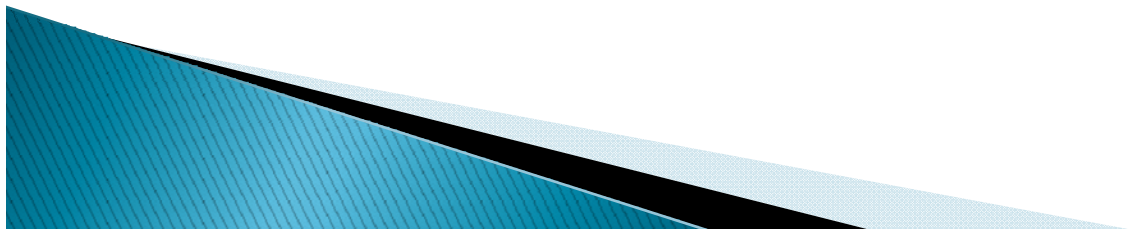
Statewide Accounts by Program	Active	Inactive	Disqualified	Cancel	Total
Senior-490	5,738	1,351	786	111	7,986
Special- 491	22	0	18	31	71
Disabled-492	800	272	74	15	1,161
Total	6,560	1,623	878	157	9,218



Total Liabilities

As of November 17, 2014

Statewide Liability Balance	Active	Inactive	Disqualified	Cancel	Total Liability
Total accounts by status	6,560	1,623	878	157	9,218
Balance	\$ 113,652,575	\$ 22,941,386	\$ 14,471,177	\$ 1,986,636	\$ 153,051,773
Avg. Account liability	\$ 17,325	\$ 14,135	\$ 16,482	\$ 12,654	\$ 16,604



Cancelled Debt

**5 year period 09-14*

Statewide Cancelled Debt	Quantity	Tax	Penalty	Interest	Total	Avg. Debt Cancelled
Senior-490	235	\$ 1,682,415.46	\$ 8,375.00	\$ 433,508.09	\$ 2,124,298.55	9,039.57
Special- 491	1	\$ 2,377.82	\$ -	\$ 3,604.58	\$ 5,982.40	5,982.40
Disabled-492	43	\$ 182,440.41	\$ 1,825.86	\$ 32,253.43	\$ 216,519.70	5,035.34
Totals	279	\$ 1,867,233.69	\$ 10,200.86	\$ 469,366.10	\$ 2,346,800.65	8,411.47
Avg. cancelled per year (5 yr. period)	55.80	\$ 373,446.74	\$ 2,040.17	\$ 93,873.22	\$ 469,360.13	1,682.29

