

# Enrolled House Bill 2083

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue)

CHAPTER .....

AN ACT

Relating to the homestead property tax deferral program; creating new provisions; amending ORS 311.356, 311.670, 311.672, 311.675, 311.679, 311.683, 311.688, 311.689 and 311.695 and section 1, chapter 494, Oregon Laws 2013; and prescribing an effective date.

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

**SECTION 1.** ORS 311.670 is amended to read:

311.670. (1) Property is not eligible for tax deferral under ORS 311.666 to 311.701 unless, at the time a claim is filed and during the period for which deferral is claimed[:], **the property meets the requirements of this section.**

[(a)] (2)(a) The property [has] **for which the claim is filed must have** been the homestead of the individual or individuals who file the claim for deferral for at least five years preceding April 15 of the year in which the claim is filed, except for an individual required to be absent from the homestead by reason of health.

**(b) The five-year requirement under paragraph (a) of this subsection does not apply to a homestead that meets all other requirements of this section, if the individual or individuals filing the claim for deferral:**

**(A) Moved to the homestead for which the claim is filed from a homestead that was granted deferral under ORS 311.666 to 311.701 and was of greater real market value than the homestead for which the claim is filed;**

**(B) Sell the prior homestead within one year of purchasing the homestead for which the claim is filed;**

**(C) Satisfy any lien created under ORS 311.673 or 311.679 and attached to the prior homestead; and**

**(D) Provide a written attestation that the individual or individuals incurred debt for not more than 80 percent of the purchase price of the homestead for which the claim is filed.**

[(b)] (3) The individual claiming the deferral, individually or jointly, [owns] **must own** the fee simple estate under a recorded instrument of sale, or two or more individuals together **must own** the fee simple estate with rights of survivorship under a recorded instrument of sale if all owners live in the property and if all owners apply for the deferral jointly.

[(c)] (4)(a) The homestead [is] **must be** insured for fire and other casualty.

**(b) If the homestead meets all other requirements of this section and is insurable for fire and other casualty but not insured, the Department of Revenue may purchase insurance for the homestead and add the cost of the insurance coverage to a lien created under ORS 311.679.**

[(d)] (5) There [is] **may be** no prohibition to the deferral of property taxes contained in any provision of federal law, rule or regulation applicable to a mortgage, trust deed, land sale contract or conditional sale contract for which the homestead is security.

[(2)] (6) [Notwithstanding subsection (1) of this section,] A homestead is not eligible for deferral under ORS 311.666 to 311.701 if the real market value of the homestead entered on the last certified assessment and tax roll is equal to or greater than:

(a) 100 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and lived in the homestead [at least five years but] less than seven years.

(b) 110 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and lived in the homestead at least seven years but less than nine years.

(c) 120 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and lived in the homestead at least nine years but less than 11 years.

(d) 130 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and lived in the homestead at least 11 years but less than 13 years.

(e) 140 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and lived in the homestead at least 13 years but less than 15 years.

(f) 150 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and lived in the homestead at least 15 years but less than 17 years.

(g) 160 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and lived in the homestead at least 17 years but less than 19 years.

(h) 170 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and lived in the homestead at least 19 years but less than 21 years.

(i) [180] **200** percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and lived in the homestead at least 21 years but less than 23 years.

(j) [190] **225** percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and lived in the homestead at least 23 years but less than 25 years.

(k) [200] **250** percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and lived in the homestead for 25 years or more.

**SECTION 2.** ORS 311.679 is amended to read:

311.679. (1)(a) At the time that property taxes are deferred under ORS 311.666 to 311.701, or if property taxes were deferred prior to July 1, 1990, the Department of Revenue shall estimate the amount of property taxes deferred for tax years beginning on or after July 1, 1990, interest on the deferred taxes, **the cost of insurance purchased pursuant to ORS 311.670 (4)(b)** and any fees paid by the department in connection with lien filing, recording, release or satisfaction.

(b) The department shall have a lien in the amount of the estimate.

(2) If during the period of deferral the amount of taxes[,] **and interest on the deferred taxes, the cost of insurance purchased pursuant to ORS 311.670 (4)(b)** and fees exceeds the estimate under subsection (1) of this section, the department shall have a lien for the amount of the excess.

(3)(a) A lien created under subsection (1) of this section attaches to the homestead to which the deferral relates on July 1 of the first tax year of deferral or on July 1, 1990, as applicable.

(b) A lien for the excess created under subsection (2) of this section attaches to the homestead on July 1 of the tax year in which the excess occurs.

(4) A lien created under subsection (1) or (2) of this section has the same priority as other real property tax liens except that liens of mortgages, trust deeds or security interests that are filed, recorded or noted on a certificate of title or in any record maintained by the Department of Consumer and Business Services pursuant to ORS 446.566 to 446.646 prior in time to the attachment of a lien *[for deferred taxes]* **created under subsection (1) or (2) of this section** are prior to the lien *[for deferred taxes]* **created under subsection (1) or (2) of this section**.

(5)(a) The notice of lien for deferred taxes recorded as provided in ORS 311.675 (1) and (2) arising on or after October 3, 1989, shall list the amount of the estimate of deferred taxes[,] **and interest on the deferred taxes, the cost of insurance purchased pursuant to ORS 311.670 (4)(b)** and fees made by the department under subsection (1) of this section. Any amendment to the notice of lien to reflect a lien for excess, as described under subsection (2) of this section, shall list the amount of the excess that the department claims as a lien.

(b) If notice of lien with respect to any homestead has been filed or recorded as provided under ORS 311.675 (1) to (3) prior to January 1, 1990, and the lien has not been released or satisfied, the department shall cause a further notice of lien to be recorded in the mortgage records of the county. The further notice of lien shall list the amount of the estimate of deferred taxes and interest made by the department under subsection (1) of this section and any amendment to the notice to reflect a lien for excess, described under subsection (2) of this section, and shall list the amount of the excess that the department claims as lien.

(6)(a) A lien created under this section may be foreclosed by the department as if it were a purchase money mortgage under ORS chapter 88.

(b) In a foreclosure action under this section, a court may award:

(A) Reasonable attorney fees to the prevailing party.

(B) All costs associated with foreclosure of the lien to the department if the department prevails.

(7) Receipts from foreclosure proceedings shall be credited in the same manner as other repayments of deferred property taxes under ORS 311.701.

(8)(a) By means of voluntary payment made as provided under ORS 311.690, the taxpayer may limit the amount of the lien *[for deferred taxes]* created under this section.

(b) If the taxpayer desires that the limit be reflected in the records of the county, the taxpayer must request, subject to any rules adopted by the department, that the department cause a partial satisfaction of the lien to be recorded in the county.

(c) Upon receipt of such a request, the department shall cause a partial satisfaction, in the amount of the voluntary payment, to be recorded.

(d) Nothing in this subsection affects the priority of the liens of the department, as originally created under subsections (1) and (2) of this section.

(9)(a) Nothing in this section affects any lien arising under ORS 311.666 to 311.701 for taxes assessed before January 1, 1990.

(b) A lien for taxes does not arise under ORS 311.666 to 311.701 for taxes assessed after December 31, 1989, except as provided under this section.

(10) This section first applies to liens *[for deferred taxes arising]* **created** on or after October 3, 1989.

**SECTION 3.** ORS 311.689 is amended to read:

311.689. (1) The Department of Revenue shall certify the eligibility of each homestead granted, and the respective taxpayers claiming, deferral under ORS 311.666 to 311.701, not less than once every three years.

(2) The department shall notify the taxpayers in writing of the obligation to certify eligibility under this section and the taxpayers shall respond, by the means prescribed by the department, within 65 days after the department sends the notification.

**(3) If the Department of Revenue has not received a response from the taxpayers within 35 days after sending the notification, the department shall, as soon as practicable, electronically notify an office of the Aging and Disability Resource Connection in the county in which the homestead is located or the seniors and people with disabilities division of the**

**Department of Human Services that the taxpayers have failed to respond to the notice as required under subsection (2) of this section. The Department of Revenue may identify the taxpayers by name, address and phone number if available.**

[3] (4)(a) *[Failure to respond as required under subsection (2) of this section renders the]* **Notwithstanding ORS 311.672 (3)(c), a homestead shall be ineligible for deferral for the next following property tax year if:**

**(A) The department receives information showing that the homestead is not eligible for, or the taxpayers are not eligible to claim, the deferral; or**

**(B) The Department of Revenue has not received a response to the notice sent under subsection (2) of this section within 30 days after notifying the office of the Aging and Disability Resource Connection or the seniors and people with disabilities division of the Department of Human Services under subsection (3) of this section.**

(b) This subsection does not preclude the grant of deferral to an eligible homestead in any subsequent property tax year for which an eligible claimant files a timely application under ORS 311.672.

**SECTION 4.** ORS 311.672 is amended to read:

311.672. (1)(a) A taxpayer's claim for deferral under ORS 311.666 to 311.701 must:

(A) Be in writing on a form supplied by the Department of Revenue;

(B) Describe the homestead;

(C) Recite all facts establishing the eligibility of the homestead for, and of the taxpayers to claim, the deferral; and

(D) Have attached:

(i) Any documentary proof required by the department; and

(ii) A statement verified by a written declaration of all taxpayers claiming deferral to the effect that the statements contained in the claim are true.

(b) The claim for deferral must be filed with the assessor of the county in which the homestead is located, after January 1 and on or before April 15 immediately preceding the property tax year for which deferral is claimed.

(2) The county assessor shall forward each claim filed under this section to the department, and the department shall determine whether the property is eligible for the deferral.

(3) If the taxpayers and the homestead are determined to be eligible under ORS 311.668 and 311.670, respectively, a timely claim for deferral has the effect of:

(a) Deferring the payment of the property taxes levied on the homestead for the property tax year beginning on July 1 of the year in which the claim is filed.

(b) Continuing the deferral of the payment by the taxpayers of any property taxes deferred under ORS 311.666 to 311.701 for previous years that have not become delinquent under ORS 311.686.

(c) **Except as otherwise provided in ORS 311.689**, continuing the deferral of the payment by the taxpayers of any future property taxes for as long as the homestead remains eligible for, and the taxpayers remain eligible to claim, the deferral.

(4)(a) Notwithstanding subsection (3) of this section:

(A) For the property tax year beginning on July 1, 2012, the maximum number of claims for deferral under ORS 311.666 to 311.701 that may be granted to taxpayers who have not previously been granted deferral is the number of such claims granted for the property tax year beginning on July 1, 2011, multiplied by 105 percent.

(B) For each property tax year beginning after July 1, 2012, the maximum number of claims for deferral that may be granted to taxpayers who have not previously been granted deferral is the maximum number determined under this subsection for the immediately preceding property tax year multiplied by 105 percent.

(b) For purposes of paragraph (a) of this subsection, spouses who continue deferral under ORS 311.688 are not considered taxpayers who have not previously been granted deferral.

(c) If the number of eligible claims described in paragraph (a) of this subsection exceeds the maximum number determined under paragraph (a) of this subsection, claims shall be granted in as-

ending order based on the ratio that is equal to the real market value of the homestead entered on the last certified assessment and tax roll divided by the county median RMV of the homestead determined under ORS 311.670 [(2)] (6), until the maximum number determined under paragraph (a) of this subsection is reached.

(5) Any taxpayer aggrieved by the denial of a claim for, or discontinuation of, deferral under ORS 311.666 to 311.701 may appeal in the manner provided by ORS 305.404 to 305.560.

**SECTION 5.** ORS 311.688 is amended to read:

311.688. (1) Notwithstanding ORS 311.684, when one of the circumstances listed in ORS 311.684 (1) to (3) occurs, the spouse who was not eligible to or did not file a claim jointly with the taxpayer may continue the property in its deferred tax status by filing a claim in the manner prescribed under ORS 311.672 if:

(a) The spouse of the taxpayer is or will be 60 years of age or older not later than six months from the day the circumstance listed in ORS 311.684 (1) to (3) occurs; and

(b) The property is the homestead of the spouse of the taxpayer and meets the requirements of ORS 311.670 [(1)].

(2)(a) A spouse who does not meet the age requirements of subsection (1)(a) of this section but is otherwise qualified to continue the property in its tax-deferred status under subsection (1) of this section may continue the deferral of property taxes deferred for previous years by filing a claim in the manner prescribed under ORS 311.672.

(b) If a spouse eligible for and continuing the deferral of taxes previously deferred under this subsection becomes 62 years of age prior to April 15 of any year, the spouse may continue the deferral of previous years' taxes deferred under this subsection and may elect to defer the current assessment year's taxes on the homestead by filing a claim in the manner prescribed under ORS 311.672.

(c) After a claim is filed under paragraph (b) of this subsection, payment of the taxes levied on the homestead and deferred under this subsection and payment of taxes levied on the homestead in the current assessment year and in future years may be deferred under ORS 311.666 to 311.701.

(3) Notwithstanding ORS 311.672, if the Department of Revenue determines that good and sufficient cause exists for the failure of a spouse to file a claim under this section on or before April 15, the claim may be filed within 180 days after notice of taxes due and payable under ORS 311.686 is mailed or delivered by the department to the taxpayer or spouse.

**SECTION 6.** ORS 311.675 is amended to read:

311.675. (1) In each county in which there is tax-deferred property, the Department of Revenue shall cause to be recorded in the mortgage records of the county a list of tax-deferred properties that lie in the county. The list shall contain a description of the property as listed on the assessment roll together with the name of the owner as listed on the assessment roll.

(2)(a) The recording of tax-deferred properties under subsection (1) of this section is notice that the Department of Revenue claims a lien against those properties in the amount of the deferred taxes plus interest on the deferred taxes *together with*, **the cost of insurance purchased pursuant to ORS 311.670 (4)(b) and** any fees paid by the department in connection with the filing, recording, release or satisfaction of the lien.

(b) If the recording of tax-deferred properties under subsection (1) of this section occurred prior to January 1, 1990, the recording is notice that the department claims a lien against those properties in the amount of the deferred taxes plus interest on the deferred taxes *together with*, **the cost of insurance purchased pursuant to ORS 311.670 (4)(b) and** any fees paid by the department in connection with the filing, recording, release or satisfaction of the lien, whether or not the amount of taxes[,] **and interest on the deferred taxes, the cost of insurance purchased pursuant to ORS 311.670 (4)(b) or** fees is listed.

(3)(a) When an ownership document is issued under ORS 446.566 to 446.646, or issuance of the document is pending, for a tax-deferred manufactured structure assessed as personal property under ORS 308.875, the Department of Revenue shall file with the Department of Consumer and Business Services an application for notation of the deferred property tax lien as a security interest on behalf

of the State of Oregon. The Department of Consumer and Business Services shall note the lien as a security interest in the same manner as other security interests in manufactured structures. A lien noted as a security interest in records maintained by the Department of Consumer and Business Services pursuant to ORS 446.566 to 446.646 shall have the same legal effect as other security interests in manufactured structures.

(b) For any other tax-deferred homestead assessed as personal property, the Department of Revenue may file notice of the deferred property tax lien as a security interest on behalf of the State of Oregon with the office of the Secretary of State or with any other designated filing office pursuant to ORS chapter 79.

(4)(a) Notwithstanding the provisions of ORS 182.040 to 182.060 and 205.320 relating to the time and manner of payment of fees to the county clerk, the department shall not be required to pay any filing, indexing or recording fees to the county in connection with the filing, recording, release or satisfaction of liens against tax-deferred properties of that county in advance or at the time entry is made. The manner of payment of the fees shall be as provided in ORS 205.395 for the payment of fees for filing, recording and making entry of warrants or orders in the County Clerk Lien Record.

(b) The Department of Revenue shall pay filing fees for any application for notation of the deferred property tax lien as a security interest in tax-deferred properties to the Department of Consumer and Business Services as provided in ORS 446.646 or in rules adopted under ORS 446.646.

(c) If the Department of Revenue files notice of the deferred property tax lien as a security interest on behalf of the State of Oregon with the office of the Secretary of State or with any other designated filing office under subsection (3) of this section, the department shall pay filing fees to the Secretary of State or to the other filing office pursuant to ORS chapter 79.

**SECTION 7.** ORS 311.683 is amended to read:

311.683. (1) If tax-deferred homestead property is acquired by the Department of Transportation through condemnation, the taxpayer may elect to continue to defer the payment of taxes and interest **and the cost of insurance purchased pursuant to ORS 311.670 (4)(b)** by:

(a) Filing a written notice of intent to continue deferral with the Department of Revenue on or before 30 days after the date the Department of Transportation has acquired title to the condemned homestead; and

(b) Filing a claim for deferral with respect to a new homestead within one year after the Department of Transportation has acquired title to the condemned homestead.

(2) Upon receipt of a notice of intent to continue deferral of taxes attributable to a condemned homestead **under subsection (1) of this section**, the Department of Revenue shall prepare an estimate of the amount of taxes[,] **and interest, the cost of insurance purchased pursuant to ORS 311.670 (4)(b)** and fees that have been and, if approved under subsections (3) and (5) of this section, will continue to be deferred upon the release and satisfaction of the lien on the condemned homestead and the recordation of the lien on the new homestead.

(3) After preparing the estimate described in subsection (2) of this section, the Department of Revenue shall grant a temporary deferral of taxes with respect to the condemned homestead not to exceed the length of time described in subsection (1)(b) of this section if:

(a) The Department of Transportation has acquired title to the condemned homestead; and

(b) The taxpayer has a legally enforceable escrow agreement with a title company that:

(A) Provides for an interest-bearing escrow account in which moneys are deposited that are sufficient to pay in full the amount of deferred taxes[,] **and interest, the cost of insurance purchased pursuant to ORS 311.670 (4)(b)** and fees on the condemned homestead property as estimated under subsection (2) of this section;

(B) Establishes the Department of Revenue as the beneficiary of the escrow agreement;

(C) Provides that the moneys of the escrow account are to be released to the taxpayer upon the Department of Revenue's approval of continued deferral under subsection (5) of this section and the recordation of the lien described in subsection (6) of this section with the county clerk; and

(D) Provides that the full amount of the estimated deferred taxes[,] **and interest, the cost of insurance purchased pursuant to ORS 311.670 (4)(b)** and fees related to the condemned homestead are to be released to the Department of Revenue if the continued deferral described in subsection (5) of this section is not granted by the Department of Revenue.

(4) The Department of Revenue shall provide a release or satisfaction of the lien on the condemned homestead when an escrow account has been established as provided under subsection (3) of this section.

(5) Upon receipt of a claim for the deferral of taxes for a new homestead that also seeks to continue the deferral of taxes attributable to a condemned homestead for which a temporary deferral has been granted under subsection (3) of this section, the Department of Revenue shall approve the continued deferral of the taxes temporarily deferred under subsection (3) of this section if:

(a) The taxpayer's equity interest in the new homestead equals or exceeds in value the total of the amount of deferred taxes[,] **and interest, the cost of insurance purchased pursuant to ORS 311.670 (4)(b)** and fees on the condemned homestead as estimated under subsection (2) of this section, plus \$10,000;

(b) The taxpayer is entitled to tax deferral under ORS 311.666 to 311.701 with respect to the new homestead; and

(c) The taxpayer consents to the continued deferral of taxes and to the lien on the new homestead property as provided in subsection (6) of this section.

(6) Upon granting the continued deferral under subsection (5) of this section, the Department of Revenue shall have a lien on the new homestead in the amount of the estimate prepared under subsection (2) of this section plus interest and any fees incurred in connection with the recording of the lien. The lien described in this subsection shall be in addition to any other lien under ORS 311.673 that the Department of Revenue shall have with respect to the new homestead. The provisions of ORS 311.679 relating to liens shall apply to the lien described in this subsection. At the time the lien described in this subsection is recorded, the escrow account described in subsection (3) of this section shall be closed and the moneys in the account released to the taxpayer.

(7) The Department of Revenue may prescribe such rules as are needed to implement the provisions of this section.

**SECTION 8.** ORS 311.695 is amended to read:

311.695. (1) A transferee of a homestead who is ineligible to claim, or does not claim, deferral under ORS 311.666 to 311.701, or that is not an individual, is jointly and severally liable for amounts payable under ORS 311.686 to the extent of the positive amount, if any, remaining after subtracting the amount of all liens prior to the Department of Revenue's liens for deferred taxes arising under ORS 311.673 or 311.679 from the real market value of the homestead entered on the last certified assessment and tax roll prior to the date of the transfer.

(2) The department shall issue by mail a notice of liability to a transferee after deferred amounts for which the transferee is liable under this section become payable under ORS 311.686.

(3)(a) Within 30 days after the department mails the notice of liability required under subsection (2) of this section, the transferee:

(A) Shall pay the deferred amounts, plus interest, **the cost of insurance purchased pursuant to ORS 311.670 (4)(b)** and fees; or

(B)(i) Shall notify the department in writing of objections to the notice of liability; and

(ii) May request a conference. The provisions of ORS 305.265 governing a conference requested relating to a notice of deficiency apply to a conference requested under this sub-subparagraph.

(b) If the department does not receive payment or written objection to the notice of liability within 30 days after the notice has been mailed, the notice of liability becomes final.

(c) A transferee may appeal the notice of liability to the tax court in the manner provided for an appeal from a notice of assessment within 90 days after the notice becomes final under this subsection.

(4)(a) After a conference, or, if no conference is requested, a determination of the issues raised by the written objections, the department shall mail to the transferee a conference letter affirming, canceling or adjusting the notice of liability.

(b) Within 90 days after the date on which the conference letter is mailed to the transferee, the transferee shall pay the deferred amounts, plus interest, **the cost of insurance purchased pursuant to ORS 311.670 (4)(b)** and fees, or appeal to the tax court in the manner provided for an appeal from a notice of assessment.

(5)(a) If more than one transferee may be held jointly and severally liable for payment of deferred amounts under this section, the department may require any or all of the transferees who may be held liable to appear before the department for a joint determination of liability. The department shall notify each transferee of the time and place set for the determination of liability.

(b) Each transferee notified of a joint determination under this subsection shall appear and present such information as is necessary to establish that person's liability or nonliability for payment of deferred amounts to the department. If any person notified fails to appear, the department shall make its determination on the basis of all the information and evidence presented. The department's determination shall be binding on all persons notified and required to appear under this subsection.

(c)(A) If an appeal is taken to the Oregon Tax Court pursuant to ORS 305.404 to 305.560 by any transferee determined to be liable for deferred amounts under this subsection, each person required to appear before the department under this subsection shall be impleaded by the plaintiff. The department may implead any transferee who may be held jointly and severally liable for the payment of deferred amounts. Each person impleaded under this paragraph shall be made a party to the action before the tax court and shall make available to the tax court such information as was presented before the department, as well as such other information as may be presented to the court.

(B) The court may determine that one or more persons impleaded under this paragraph are liable for deferred amounts without regard to any earlier determination by the department that an impleaded person was not liable for deferred amounts.

(C) If any person required to appear before the court under this subsection fails or refuses to appear or bring such information in part or in whole, or is outside the jurisdiction of the tax court, the court shall make its determination on the basis of all the evidence introduced. All such evidence shall constitute a public record and shall be available to the parties and the court. The determination of the tax court shall be binding on all persons made parties to the action under this subsection.

(d) Nothing in this section shall be construed to preclude a determination by the department or the Oregon Tax Court that more than one transferee is jointly and severally liable for deferred amounts.

**SECTION 9.** ORS 311.356 is amended to read:

311.356. (1) After receipt of the tax roll each year the tax collector shall receive and receipt for all moneys received for taxes and other amounts charged on such roll, and for each payment, shall note on the tax roll at the appropriate property assessment the following:

- (a) The date payment was received.
- (b) The amount of the payment.
- (c) The discount allowed, if any.
- (d) The interest charged, if any.
- (e) The number of the receipt issued for such payment.

(2) Except as provided under subsection (3)(a) and (c) of this section, the tax collector shall credit all payments of property taxes as follows:

(a) First, to the payment of any taxes assessed against and due on the property for which the payment was made, paying first the earliest such taxes due on that property; and

(b) Second, to the payment of taxes assessed on any other property which have by any means become a lien against the property for which the payment was made.

(3)(a) Payments of property taxes made by the state on behalf of tax-deferred homestead property under ORS 311.666 to 311.701 shall be credited to the current tax year.

(b) At the election of the taxpayer, payments of property taxes made by the taxpayer on behalf of tax-deferred homestead property under ORS 311.666 to 311.701 shall be credited as provided in subsection (2) of this section, except that the payments shall be credited first to the payment of taxes that are not qualified to be deferred under ORS 311.688 (1) or as a result of a determination of ineligibility made pursuant to ORS 311.689 [(1)], paying first the earliest of such taxes due on that property.

(c) Notwithstanding any contrary direction from the taxpayer, the tax collector shall credit payments of property taxes to the latest year for which taxes are due on the property for which payment is made if:

(A) The payment is made by a payer who is a mortgagee, beneficiary under a deed of trust or vendor under a land sales contract and who pays taxes on behalf of any taxpayer; and

(B) The mortgagee, beneficiary or vendor directs that the payment be credited to the latest year for which taxes are due on the property; and

(C) The mortgagee, beneficiary or vendor includes in the payment submitted with the direction given under subparagraph (B) of this paragraph only the amounts for the payment of taxes on one or more properties for which delinquent taxes are owed and does not include in that payment taxes on property for which no delinquent taxes are owed.

(d) If the mortgagee, beneficiary or vendor does not direct the tax collector as to the application of taxes being paid, then the tax collector shall apply all payments as provided under subsection (2) of this section.

(4) The tax collector may, for convenience, divide the tax roll, as payments are made, into two portions, and file each separately, one portion containing the paid accounts and another portion containing the unpaid accounts. From time to time, and no later than the receipt of the next year's tax roll, the tax collector shall compute and indicate on the tax roll the unpaid balance of taxes for each property assessment.

**SECTION 10.** Section 1, chapter 494, Oregon Laws 2013, is amended to read:

**Sec. 1.** (1) Notwithstanding section 24 (1), chapter 723, Oregon Laws 2011, the amendments to ORS 311.670 by section 3, chapter 723, Oregon Laws 2011, relating to the five-year minimum requirement and the amendments to ORS 311.700 by section 16, chapter 723, Oregon Laws 2011, relating to reverse mortgages do not apply to a homestead that had been granted deferral under ORS 311.666 to 311.701 for any property tax years beginning before July 1, 2011.

(2) The Department of Revenue shall provide notice to all individuals with inactive deferral accounts of the following:

(a) The provisions of this section;

(b) That the individuals may be eligible to claim deferral under ORS 311.666 to 311.701 for their homesteads for property tax years beginning on or after July 1, 2014; and

(c) That reactivating the homestead for deferral pursuant to this section requires the individuals to file a claim for deferral in the manner prescribed in ORS 311.672.

(3) The department shall create and maintain a list of homesteads determined to be eligible under this section for reactivation for deferral under ORS 311.666 to 311.701. Homesteads shall appear on the list in the order in which the individuals who own the homesteads file a claim for deferral in the manner prescribed in ORS 311.672 on or after [the effective date of this 2013 Act] **October 7, 2013.**

(4) A determination of eligibility under this section has the effect of reactivating the homestead for deferral under ORS 311.666 to 311.701 beginning with the first property tax year that begins after the date on which the determination of eligibility is made and continuing for all subsequent property tax years for which the homestead and the individuals who own the homestead remain eligible for the deferral.

(5)(a) Notwithstanding subsection (4) of this section, for the property tax year beginning on July 1, 2014, the maximum number of homesteads appearing on the list created pursuant to subsection (3) of this section that may be reactivated for deferral under this section is 700.

(b) For the property tax year that begins on July 1, 2015, the cumulative maximum number of homesteads appearing on the list that may be reactivated for deferral shall increase by five percent of the maximum number allowable for the property tax year beginning on July 1, 2014, for a cumulative maximum total of 735.

(c) For each property tax year beginning on or after July 1, 2016, the cumulative maximum number of homesteads appearing on the list that may be reactivated for deferral shall increase by five percent of the maximum number allowable for the immediately preceding property tax year, in the manner prescribed in paragraph (b) of this subsection.

(6) ORS 311.670 [(2)(a)] (6)(a) applies to a homestead reactivated for deferral under this section if, as of April 15 of the year in which a claim for deferral is filed, the taxpayers have continuously owned and lived in the homestead less than seven years.

**SECTION 11. The amendments to ORS 311.356, 311.670, 311.672, 311.675, 311.679, 311.683, 311.688, 311.689 and 311.695 and section 1, chapter 494, Oregon Laws 2013, by sections 1 to 10 of this 2015 Act apply to property tax years beginning on or after July 1, 2016.**

**SECTION 12. This 2015 Act takes effect on the 91st day after the date on which the 2015 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.**

**Passed by House May 12, 2015**

.....  
Timothy G. Sekerak, Chief Clerk of House

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Tina Kotek, Speaker of House

**Passed by Senate May 28, 2015**

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Peter Courtney, President of Senate

**Received by Governor:**

.....M.,....., 2015

**Approved:**

.....M.,....., 2015

.....  
Kate Brown, Governor

**Filed in Office of Secretary of State:**

.....M.,....., 2015

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Jeanne P. Atkins, Secretary of State