

**REVENUE IMPACT OF  
PROPOSED LEGISLATION  
78th Oregon Legislative Assembly  
2016 Regular Session  
Legislative Revenue Office**

**Bill Number: HB 4143 - MRB  
Revenue Area: Property Tax/Deferral  
Economist: Kyle Easton  
Date: 2/19/2016**

*Only Impacts on Original or Engrossed Versions are Considered Official*

**Measure Description:**

Limits total amount of property taxes due on homestead properties owned by persons 70 years of age or older whose federal adjusted gross income does not exceed 150 percent of federal poverty guidelines. Provides option to defer year over year increases in property taxes due on homestead properties owned by persons 70 years of age or older who have federal adjusted gross income greater than 150 percent but less than 301 percent of the federal poverty guidelines. Specifies process for tax abatement relief and/or deferral. Allows county governments to issue exemption, with specified provisions, from ad valorem property taxation for veterans and their unmarried surviving spouses.

**Revenue Impact (in \$Millions):**

	Fiscal Year		Biennium		
	2015-16	2016-17	2015-17	2017-19	2019-21
<b>Local Governments</b>	N/A	N/A	N/A	-4.7	-10.2
<b>Local Education Districts</b>	N/A	N/A	N/A	-3.8	-8.3
<b>Total Revenue Change</b>	N/A	N/A	N/A	-8.5	-18.5

**Impact Explanation:**

The minority report is expected to impact property tax revenues in two primary ways and will also impact the revolving account balance of the property tax senior and disabled deferral program. The limiting of property taxes as it pertains to both the exemption and the deferral program begin in tax year 2017-18.

The minority report creates a new property tax expenditure by limiting property taxes of homesteads of qualifying seniors. Estimates for this impact are based upon a combination of property tax, and census data. Estimated revenue losses assume program availability becomes known to potentially qualifying senior populations.

The minority report also contains permissive language allowing the governing body of a county to adopt by ordinance or resolution a broadening of the qualification characteristics and assessed value exemption amounts available to qualified veterans or their surviving spouses. As this is a permissive option with much flexibility made available to county governing bodies in determining parameters for qualification and assessed value exemption amount, no direct revenue impact exists. Depending upon exemption characteristics adopted by county governing bodies, potential impact upon revenue could be tens of millions of dollars per biennium assuming exemption applies to all taxing districts imposing tax upon homestead.

The deferral of property taxes for qualifying seniors is expected to have a relatively minimal impact upon the revolving account balance of the senior and disabled property tax deferral program. Under current law, the deferral program is scheduled to sunset beginning with the 2021-22 tax year. It is expected that in any year between when the minority report deferral becomes effective beginning with TY 2017-18 and when the deferral program sunsets, the impact upon the revolving account balance will be at or about \$1 million or less.

**Creates, Extends, or Expands Tax Expenditure:**      Yes  No

Minority report creates one new tax expenditure and modifies existing veterans and surviving spouses tax expenditure.

The policy purpose of this measure is to nominally limit property taxes imposed upon homesteads of qualifying seniors thereby removing an impediment to seniors remaining in their homes.

The policy purpose of this measure is to provide counties the authority to adjust the availability of the property tax exemption available to veterans and their surviving spouses so as to recognize the service and sacrifices made by veterans and to compensate veterans for potential reductions in civilian earning capacity due to disabilities.