Senior and Disabled Homestead Property Tax Deferral

House Revenue Committee | 2/20/2019

How the Program Works

- Apply to DOR to participate in program
- State pays participant's homestead property taxes each November
- Lien placed on property, DOR becomes security interest holder
  - Lien amount estimate of expected lifetime deferral amount
- Deferred balances accrue 6% annual simple interest

- Repayment of deferred amount (tax, interest & fees)
  - Deferral participant dies (option for survivor, if any to continue deferral)
  - Property is sold or transferred to person other than deferral participant
  - Property is no longer the homestead of participant (exception for medical reasons)
  - Property is moved out of state (e.g. manufactured structure)

Who Qualifies

- 62 years or older
- Disabled and receiving or eligible to receive federal Social Security Disability benefits
- Must have owned and lived in the property for at least 5 years
  - Exception for downsizing
    - Previous home was in deferral program
    - New home has lower real market value
    - Must sell previous home within 1 year
    - Must not finance more than 80% of purchase price
    - Must payoff previous deferral balance
- Must have homeowners insurance

Who Qualifies - Continued

- Income/wealth requirements
  - Annual household income limit < $45,500 (indexed)
  - Net worth is < $500,000 (excluding home)

- Do not have a reverse mortgage (exception for those in program prior to 2011)

- Application
  - Must apply initially
  - Must certify every two years that qualifications are still met

Value Qualification Requirement

- Home value must be below real market value (RMV) limitation established for county
- Limitation is function of median value of homes in county & number of years in home
  - Example: 100% of county median RMV if homestead for 5-7 years

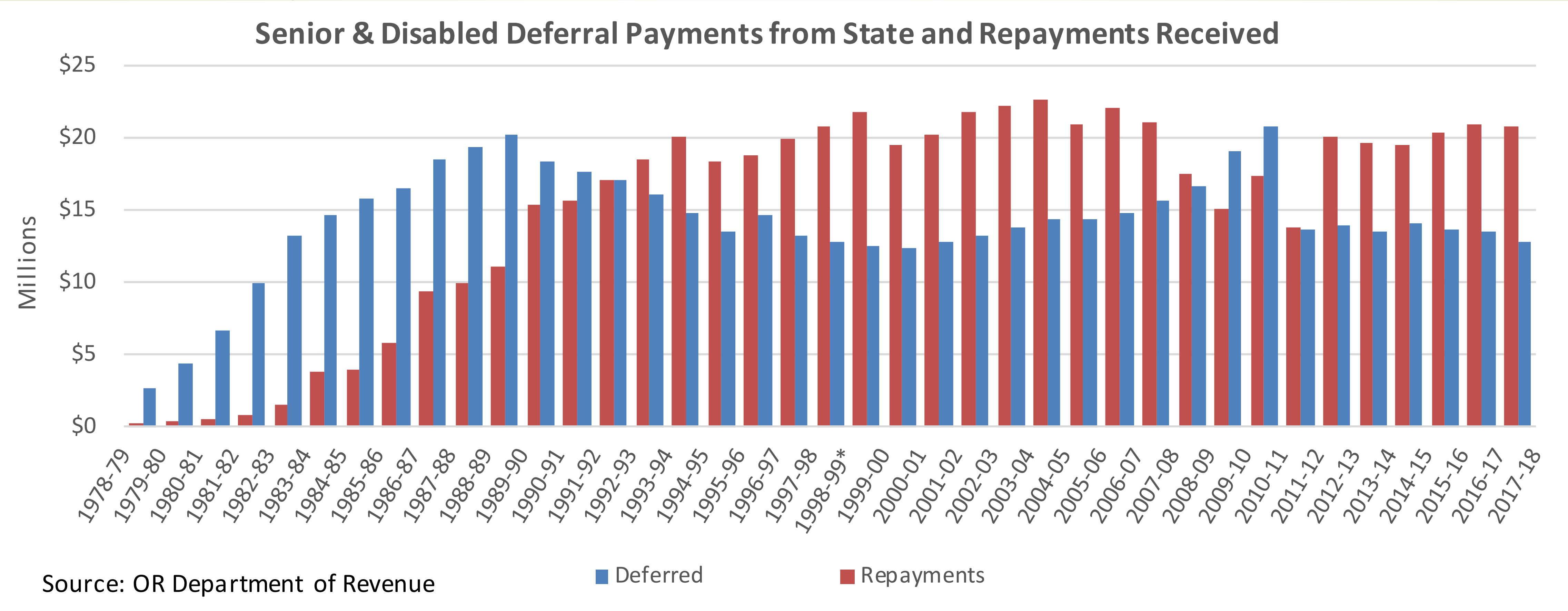
5 ysr <7 yrs	100%
7 - <9 yrs	110%
9 - <11 yrs	120%
11 - <13 yrs	130%
13 - <15 yrs	140%
15 - <17 yrs	150%
17 - <19 yrs	160%
19 - <21 yrs	170%
21 - <23 yrs	200%
23 - <25 yrs	225%
25 yrs +	250%

Deferral Financials

Year	Tax Payments	Repayments	Admin Costs	Treasury Loan	Ending Cash Fund Balance
2009	16,661,953	15,042,050	672,429		11,402,226
2010	19,088,714	17,312,271	553,630		9,072,152
2011	20,742,589	14,276,754	563,084		2,028,808
2012	13,644,189	20,848,187	876,250	19,000,000	27,356,555
2013	13,867,453	19,604,088	921,842	-19,173,115	12,998,234
2014	13,534,349	19,460,756	1,256,753		17,667,888
2015	14,102,085	20,372,959	1,196,539		22,734,398
2016	13,650,891	21,268,053	1,152,054		29,242,772
2017	13,484,568	20,753,576	1,038,027		35,480,095
2018	12,965,772	20,714,192	991,372		42,240,130

Source: Department of Revenue, Deferral Program Forecast

Deferral Financials



Recent Changes

- 2009 – HB 3199
  - Eliminate continued appropriation, allow Treasury loan
- 2011 – HB 2543
  - Net worth limitation | Occupancy years requirement | RMV limits | Recertification | Eliminate reverse mortgages | Eliminated transfer to Oregon Project Independence |Compound 6% interest
- 2012 – HB 4039
  - Some allowance for removed participants for reverse mortgage
- 2013 – HBs 2510, HB 2489
  - Allow previous participants with reverse mortgage under certain circumstances to reapply
- 2014 – HB 4148
  - Reverted to simple 6% interest with retroactively
- 2015 – HB 2083
  - Downsizing | Insurance requirement, allow DOR to purchase insurance | Increase RMV limits 21 years or more in home | Require DOR recertification outreach