

## HB 2587 A STAFF MEASURE SUMMARY

### House Committee On Human Services and Housing

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**Action Date:** 03/25/19

**Action:** Do pass with amendments and be referred to Revenue. (Printed A-Eng.)

**Vote:** 9-0-0-0

**Yeas:** 9 - Helt, Keny-Guyer, Meek, Mitchell, Noble, Sanchez, Schouten, Williams, Zika

**Fiscal:** Has minimal fiscal impact

**Revenue:** Revenue impact issued

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**Meeting Dates:** 2/25, 3/4, 3/11, 3/20, 3/25

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#### WHAT THE MEASURE DOES:

Makes exception for certain homesteads of seniors and people with disabilities to prohibition on reverse mortgages for participation in the homestead property deferral program. Takes effect 91st day following adjournment sinedie.

#### ISSUES DISCUSSED:

- Number of seniors and individuals with disabilities assisted by program
- Reverse mortgages disqualify certain individuals from program
- Oregon State University study finding that almost one-fifth of these individuals had reverse mortgages

#### EFFECT OF AMENDMENT:

Makes technical clarifications. Removes a homestead that has less than 40 percent home equity.

#### BACKGROUND:

In Oregon, the homestead property tax deferral program, administered by the Department of Revenue, allows qualified people with disabilities or senior citizens who own and occupy their principal residence (with some exceptions) to borrow money from the State (at 6 percent interest) to pay their local property taxes. Repayment of the loan from the State is deferred until the property is sold, or it can be recuperated from the corresponding estate. Currently, reverse mortgages (loans that allow property owners to borrow against the equity in their homes) on properties participating in the program are prohibited.

House Bill 2587-A allows some properties participating in the homestead property tax deferral program to be subject to a reverse mortgage.