SB 1541 -1   STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Prepared By:	Jaime McGovern, Economist
Meeting Dates:	2/7, 2/27

WHAT THE MEASURE DOES:

Provides, for purposes of ad-valorem property taxation, frozen assessed value for homesteads of individual at least 68 years old, or person with disability, if homestead and individual satisfies senior property tax deferral eligibility, save for reverse mortgage. Provides that frozen assessed value equals assessed value of homestead for property tax year immediately preceding first property tax year to which valid claim relates. Provides for unfreezing of assessed value if new property or new improvements are added to tax account of homestead. Provides that, after occurrence of certain circumstances, assessed value shall be what it would have been if homestead had never been granted frozen assessed value. Sunsets program after six years. Grandfathers homesteads granted frozen assessed value before sunset. Takes effect 91st day following adjournment sine die.

ISSUES DISCUSSED:
- Which properties would qualify with the program.
- Reverse mortgages in Oregon.
- Interaction with the Senior Deferral program.
- Administration of the property value freeze.

EFFECT OF AMENDMENT:

-1 Adjusts valuation method of property upon exit from program. Adds condition of property improvements as condition for reassessment.

BACKGROUND:

The Oregon Property Tax Deferral Program for Disabled and Senior Citizens is administered by the Department of Revenue, where, for qualified applicants and property, the property tax payments are made annually on behalf of the participant by the Department. Eligibility requires that there is an annual household income limit, a limit on the value of the property, and that the individual must also be 62 years or older, living in their home for at least 5 years. During the Great Recession, steps were taken to ensure the integrity of the program, and restrictions on participants with reverse mortgages were put in place. Since then equity requirements and modifications have been made to the program.