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81<sup>st</sup> LEGISLATIVE ASSEMBLY  
House Committee on Human Services  
State Capitol  
900 Court St. NE, Rm. 453  
Salem, OR 97301

**To:** Representative Nathanson, Chair, House Committee on Revenue  
**From:** Chair Williams  
**Date:** April 5, 2020  
**Subject:** HB 2454 – Extends through July 1, 2028 the disabled and senior citizens’ property tax deferral program for households with income below \$46,500.

The House Committee on Human Services heard HB 2454 and recommends passage. If passed, this bill extends through July 1, 2028 the disabled and senior citizens’ property tax deferral program for households with income below \$46,500.

Below are responses to questions posed by Rep. Nathanson, in a memo distributed to the House Policy committee chairs on February 4, 2021 and the Legislative Revenue Office’s [Research Report #2-21](#), Tax Credit Review: 2021 Session. The responses are based upon the report’s findings and the [name] Committee’s deliberations.

1. What is the public policy purpose of the tax expenditure?
  - Provide payment deferral of property taxes for seniors and persons with disabilities. The program does not relieve the property tax property owner of the property taxes, instead it allows them to pay them at a later date.
2. What is the expected timeline to achieve the policy goal?  
N/A
3. Who are the direct beneficiaries?
  - Taxpayers aged 62 years and up, or eligible to receive Social Security disability benefits who have owned and lived in their home for the past 5 years or downsized from property in the program, have a net worth less than \$500,000, not including the home in question, whose household income does not exceed 46,500, with a home below county determined value, and who do not have a reverse mortgage. With a property tax deferral, the state allows some seniors to defer the payment of their property taxes until the house is sold or the owner passes away.

4. Is it an effective and efficient way to achieve the policy goal?
  - According to the Boston College Center for Retirement Research (2018) property tax deferrals allow a growing number of seniors to use their equity to support themselves in their later years, the amount they postpone is less than if they acquired a reverse mortgage, and property tax deferrals also come without the complexity and upfront costs of reverse mortgages.
  
5. What information is available from other states with a similar policy?
  - About two dozen states permit some type of tax deferrals for seniors, and eligibility for these programs depends on age, residence, and in some instances, income and property value. Washington has two property tax relief programs for senior citizens and people with disabilities. California law allows counties the option to participate in the County Deferred Property Tax Program for Senior Citizens and Disabled Citizens.
  
6. Are there suggested changes to make the tax expenditure more effective or efficient?
  - No changes suggested during discussions in the House Committee on Human Services.
  
7. What other direct and indirect expenditures does Oregon make to achieve the same or similar policy goal?
  - Oregon is the only U.S. state imposing a property tax and providing property tax relief to low-income senior homeowners exclusively through a property tax deferral program (excluding the disabled war veterans exemption).
  
8. Would a direct appropriation be more efficient?

N/A
  
9. What other kinds of incentives might achieve a similar policy goal?
  - Another way to achieve this are property tax exemptions for qualified seniors and persons with disabilities.
  
10. What are the consequences of allowing the tax expenditure to sunset?
  - Qualifying taxpayers would need to use their income to pay their property tax bills.