

HB 4021 STAFF MEASURE SUMMARY

Carrier: Rep. Fahey

House Committee On Revenue

Action Date: 02/10/22

Action: Do Pass.

Vote: 7-0-0-0

Yeas: 7 - Levy, Marsh, Nathanson, Pham, Reschke, Smith G, Valderrama

Fiscal: Has minimal fiscal impact

Revenue: Has minimal revenue impact

Prepared By: Jaime McGovern, Economist

Meeting Dates: 2/4, 2/10

WHAT THE MEASURE DOES:

Extends from September 1st to October 31st, annual deadline, in which taxpayers, upon sale/transfer of homestead ownership or movement of manufactured structure or floating home out of state, may discontinue participation in homestead property tax deferral program in assessment year. Takes effect on 91st day following adjournment sine die. Conditions discontinuation of participation on payment in full of deferred property tax lien.

ISSUES DISCUSSED:

- Timing of home sale while in deferral program.
- Speed of housing market.
- Income of participants in deferral program.
- Department of Revenue administration of deferral program.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Oregon Department of Revenue administers the homestead property tax deferral program for seniors and disabled citizens. The program is intended to help keep vulnerable populations stably housed. Within the senior and disabled citizens property tax deferral program, the Department of Revenue pays property taxes to schools and local governments on behalf of its participants, via a dedicated fund, while the lien that accrues functions as a reverse mortgage on the property. Interest is a simple six percent. Eligibility requires that applicants must be 62 years and up or eligible to receive Social Security disability benefits, have owned and lived in their home for the past five years or downsized from property in the program, have a net worth less than \$500,000, not including the home in question, have household income below \$46,500. In addition, their home must be below county-determined value, and they may not have a reverse mortgage, except in some circumstances. Eligibility is reviewed every two years.