



HB 4066: Considerations for property tax forgiveness

Testimony for the House Committee on Veterans and Emergency Management – John Calhoun, Stephen Wright, Eileen Kiely – 2.1.2022

As fellow veterans, we are sympathetic to the plight of those wounded in battle or otherwise injured during their service. In addition to the pain of their injuries, those who have 100% disabilities usually have had difficulty earning a living and thus deserve our consideration for reducing the costs of home ownership.

We would ask, however, that you consider making the proposal to increase the property tax forgiveness one that is fairer and more equitable to those that qualify. The current draft of HB 4066 would exempt all property taxes on the qualified veteran's homestead. However, that benefit will vary by the value of the property and its location. Because of Oregon's property tax law, valuations are not based upon market, but upon a formula tied to valuations in the mid 1990's. The result is that houses with the same market value can have radically different property tax payments. In addition, veterans may have been more or less fortunate in their ability to afford homes of different values and under this formula you will be rewarding the more fortunate with a greater benefit.

Why should someone who owns a million-dollar house or lives in a high tax neighborhood get a benefit several times larger than another veteran who lives more modestly or just happens to live in a home with a low property tax value? Perhaps a better solution would be to create a larger exemption amount than the \$27,000 exemption in the current law for this category of senior, disabled veterans and spouses.

In addition, since this is a rather big increase from the current law, you should see a revenue impact statement on the counties before passage. According to the Tax Expenditure Report, the current law reduces property taxes for 40,000 properties costing local jurisdictions and state school funds an estimated \$31 million for the current biennium. A major increase per this proposal could have a material impact on many of our counties and on K-12 funding.

Lastly, we would like to point out that low-income, disabled Oregon adults and seniors are already eligible for deferred payment of property taxes under current law. The property taxes are paid by the fund to the local jurisdictions annually, and are paid back to the fund upon eventual sale of the property.

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