

D R A F T

SUMMARY

Digest: The Act would create a property tax credit for the home of a person who is on active military duty. The Act would phase out the current partial exemption for such homes. (Flesch Readability Score: 61.6).

Provides for a property tax credit against the ad valorem taxes imposed on the homestead of a resident serving on active military duty. Phases out the current partial exemption for such homesteads.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to a property tax credit for the homestead of residents on active
3 military duty; and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. As used in sections 1 to 3 of this 2025 Act:**

6 **(1)(a) “Credit-eligible taxes” means ad valorem property taxes that**
7 **are:**

8 **(A) Operating taxes as defined in ORS 310.055; or**

9 **(B) Local option taxes as defined in ORS 310.202.**

10 **(b) “Credit-eligible taxes” does not mean ad valorem property taxes**
11 **that are levied to repay bonded indebtedness.**

12 **(2) “Eligible homestead” means residential property that:**

13 **(a) Is owned by a resident of this state described in section 2 (1) of**
14 **this 2025 Act; and**

15 **(b) Would be occupied by the resident as a primary residence, but**
16 **for military service described in section 2 (1) of this 2025 Act.**

17 **SECTION 2. (1) A property tax credit is allowable for the homestead**
18 **of any resident of this state who is:**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (a) Serving in the Oregon National Guard, military reserve forces
2 or organized militia of any other state or territory of the United
3 States; and

4 (b) Performing service:

5 (A) Under Title 10 of the United States Code or pursuant to a de-
6 ployment made under the authority of the Emergency Management
7 Assistance Compact; and

8 (B) For more than 178 consecutive days, if at least one of the days
9 falls within the property tax year for which the tax credit is claimed.

10 (2)(a) Upon compliance with section 3 of this 2025 Act, and regard-
11 less of any value assessed on the eligible homestead, a credit against
12 the credit-eligible taxes otherwise due on an eligible homestead shall
13 be allowed for any property tax year in an amount equal to the lesser
14 of:

15 (A) The credit-eligible taxes due on the property; or

16 (B) \$1,750.

17 (b) The maximum amount of the credit allowable under paragraph
18 (a) of this subsection shall be adjusted annually by the percentage, if
19 any, by which the monthly averaged Consumer Price Index for All
20 Urban Consumers, West Region (All Items), as published by the Bu-
21 reau of Labor Statistics of the United States Department of Labor, for
22 the 12 consecutive months ending August 31 of the property tax year
23 for which the credit is allowable exceeds the monthly averaged index
24 for the 12 consecutive months ending August 31, 2025.

25 (3)(a) The amount of the tax credit used against the property taxes
26 imposed on an eligible homestead shall be withheld from the taxing
27 districts of the code area in which the eligible homestead is located
28 according to the percentage schedule prepared and filed under ORS
29 311.390.

30 (b) The total amount of the credit shall be allocated proportionately
31 among the credit-eligible taxes to which it relates.

1 (c) For any partial payments of credit-eligible taxes, the amount
2 of the credit allowed against the payment shall be proportional to the
3 percentage of the total taxes due that are paid.

4 (d) If the amount of the credit exceeds the credit-eligible taxes due
5 on the eligible homestead for the property tax year, the excess may
6 not be used in any succeeding property tax year.

7 (4)(a) A resident currently receiving the partial exemption against
8 a homestead's assessed value granted under ORS 307.286 may, for the
9 succeeding property tax year, file a claim for and receive instead the
10 tax credit allowed under this section against the credit-eligible taxes
11 imposed on the homestead.

12 (b) A homestead may not receive both the partial exemption and
13 the tax credit for any property tax year.

14 (5) It is the intent of the Legislative Assembly that a tax credit al-
15 lowed under this section does not subject the eligible homestead to
16 revaluation under Article XI, section 11 (1)(c)(E) or (2), of the Oregon
17 Constitution.

18 SECTION 3. (1) Each resident seeking the property tax credit al-
19 lowable under section 2 of this 2025 Act shall file with the county
20 assessor, on forms supplied by the assessor, a claim in writing on or
21 before August 1 following the end of the property tax year for which
22 the tax credit is claimed.

23 (2) A claim for the tax credit under section 2 of this 2025 Act shall:

24 (a) Designate the eligible homestead to which the tax credit will
25 apply;

26 (b) Set forth the basis for eligibility of the claimant and the home-
27 stead for the tax credit; and

28 (c) Include a statement by the claimant, subject to the penalties for
29 false swearing under ORS 162.075, that all information contained in the
30 claim is true.

31 (3) Notwithstanding subsection (1) of this section and section 2 (1)

1 of this 2025 Act, the eligible homestead of a resident described in sec-
2 tion 2 (1) of this 2025 Act who files a claim prior to the date on which
3 the resident's service begins shall be allowed the tax credit if the
4 claimant has written orders that require the performance of service
5 for at least one day during the property tax year for which the tax
6 credit is being claimed and the claimant and the homestead are oth-
7 erwise eligible for the tax credit.

8 (4)(a) Notwithstanding subsection (1) of this section and section 2
9 (1) of this 2025 Act, an individual, other than the eligible resident, who
10 is lawfully occupying an eligible homestead may file a claim for the
11 tax credit allowable under section 2 of this 2025 Act by the time pre-
12 scribed in subsection (1) of this section if the eligible resident died
13 while performing the service described in section 2 (1)(b)(A) of this 2025
14 Act during the current or preceding tax year.

15 (b) The claim shall be allowed by the county assessor if the eligible
16 resident met all of the requirements for a tax credit under section 2
17 of this 2025 Act prior to death, other than the number of consecutive
18 days of service specified in section 2 (1)(b)(B) of this 2025 Act.

19 (5) The tax credit shall be allowed for the property tax year in
20 which the claim is required to be filed.

21 (6) If the credit-eligible taxes for the property tax year for which
22 the tax credit is allowed have not been paid, the amount of the tax
23 credit and any interest on the amount shall be abated.

24 (7)(a) If the credit-eligible taxes for the property tax year for which
25 the tax credit is allowed have been paid without allowance of the tax
26 credit, notwithstanding section 2 (3)(d) of this 2025 Act, the amount
27 of the credit allowed shall be refunded in the manner prescribed in this
28 subsection.

29 (b) The tax collector shall notify the governing body of the county
30 of any refund required under this subsection and the governing body
31 shall cause a refund of the credit-eligible taxes and any interest paid

1 on the taxes to be made from the unsegregated tax collections account
2 described in ORS 311.385.

3 (c) The refund shall be made without interest.

4 (d) Refund amounts shall be withheld from the taxing districts of
5 the code area in which the eligible homestead is located according to
6 the percentage schedule prepared and filed under ORS 311.390.

7 (e) The county assessor and tax collector shall make the necessary
8 corrections in the records of their offices.

9 **SECTION 4.** Property tax credits under sections 1 to 3 of this 2025
10 Act may be allowed against credit-eligible taxes due for property tax
11 years beginning on or after July 1, 2026.

12 **SECTION 5.** (1) Except as provided in ORS 307.289 (4), an initial year
13 of partial exemption under ORS 307.286 may not be granted for prop-
14 erty tax years beginning on or after July 1, 2026.

15 (2) Notwithstanding the sunset date provided in subsection (1) of
16 this section, a homestead that is granted a partial exemption for the
17 property tax year beginning on July 1, 2025, shall continue to receive
18 the partial exemption for as long as the resident and the homestead
19 qualify for it under ORS 307.286.

20 **SECTION 6.** This 2025 Act takes effect on the 91st day after the date
21 on which the 2025 regular session of the Eighty-third Legislative As-
22 sembly adjourns sine die.

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