



# Property Tax Deferral: Senior or Disabled

Senate Committee on Finance and Revenue

LRO | 3/20/2023



# Senior or Disabled Property Tax Deferral

Statute that allows this deferral does not explicitly state a purpose

2013 survey of program participants by Oregon State University for the Department of Revenue (DOR) found that program “is helping a large number of long-time, low-income homeowners remain in their homes.”

Enacted in 1963. In 1999, program opened to disabled community.  
Changed by 9 bills since 2009

In 2022: 3,891 active accounts (3,422 senior and 469 disabled).  
Property taxes of \$11.5 million paid to counties





# Senior or Disabled Property Tax Deferral (cont.)

- Department of Revenue (DOR) administers revolving fund and pays property taxes to counties on behalf of property owners that qualify (less a 3% discount)
- DOR places a lien on property that functions like reverse mortgage; homeowner relinquishes equity in their home in exchange for regular property tax payments
- Simple 6% interest on deferred property tax payments accrue annually
- Sunset date of Jul 1, 2032. Does not grandfather deferral after sunset





# Eligibility Requirements and Terms

- 62 years and up or be eligible to receive Social Security disability benefits
- Household income below \$55,500 (2022 income), adjusted for inflation annually
- Net worth less than \$500,000, not including the homestead in question
- Owned and lived in the homestead past 5 years, unless absent for health reason
- Also exception to 5-year requirement if new homestead was purchased for purposes of downsizing and other requirements are met
- Apply Jan 1 - Apr 15. Recertify every 2 years





# Eligibility Requirements and Terms (cont.)

- There are also eligibility requirements for homestead
- Homestead with reverse mortgage not eligible unless it was:
  - Executed prior to 2011
  - Executed on or after Jul 1, 2011 and before Jan 1, 2017 and individual had 40% equity or more in homestead
- Homeowners insurance (fire and other casualty)
- RMV below greater of \$250,000 or value determined by county median RMV and number of years applicant(s) lived in homestead





# Eligibility Requirements and Terms (cont.)

| <b>Continuously Owned and Occupied Homestead (years)</b> | <b>Homestead RMV Limitation (percent of county median RMV)</b> |
|--|--|
| 5 to less than 7   | 100%   |
| 7 to less than 9   | 110%   |
| 9 to less than 11  | 120%   |
| 11 to less than 13                                       | 130%   |
| 13 to less than 15                                       | 140%   |
| 15 to less than 17                                       | 150%   |
| 17 to less than 19                                       | 160%   |
| 19 to less than 21                                       | 170%   |
| 21 to less than 23                                       | 200%   |
| 23 to less than 25                                       | 225%   |
| 25 or more   | 250%   |





# Outreach & Engagement

- DOR provides website and annual booklets to counties
- DOR works closely with community organizations and non-profits
- DOR has presented at Department of Veterans' Affairs
- Participants are mailed a notice on Dec 15<sup>th</sup> which provides:
  - A 'Do Not Pay' notice with current property tax amount
  - Accrued interest
  - Total balance owed
- Property tax statement in October also notifies participants that DOR is paying taxes on their behalf





# Repayment

- Upon disqualification or cancellation, balance due (tax, interest and lien fees) must be paid in full to release lien from property.
- Repayment of deferred amount due when:
  - Participant or surviving spouse dies
  - Homestead sold or transferred to person other than deferral participant
  - Property no longer homestead of deferral participant, with exception for health reason
  - Homestead is manufactured structure or floating home moved out of state. Total balance due five days prior to move

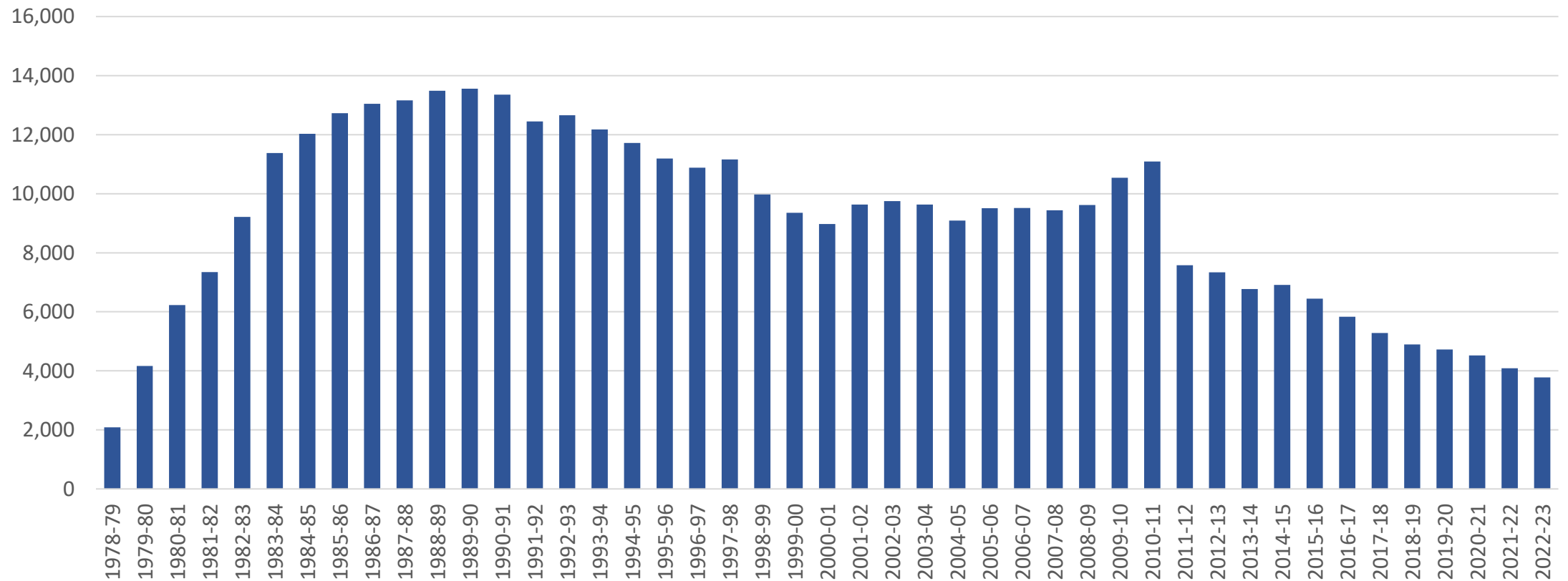






# Program Participation

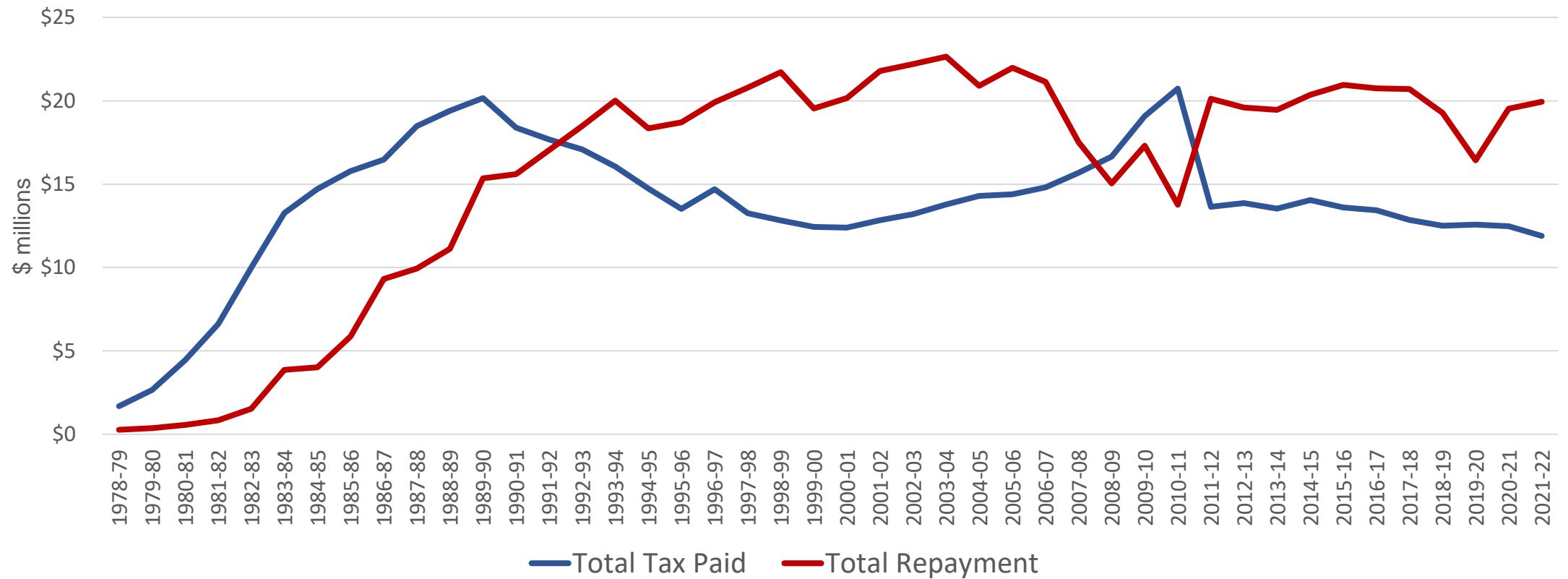
Total # of Accounts Paid by FY





# Fund Inflows and Outflows

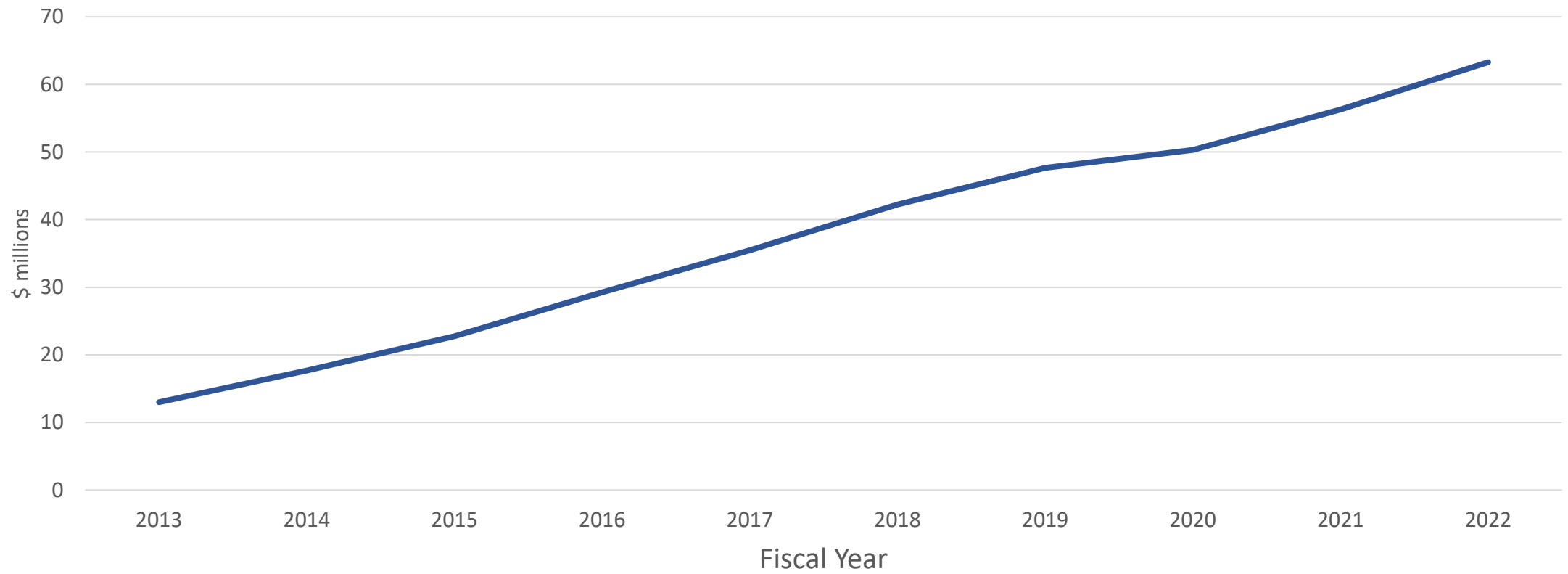
## Total Tax Paid and Repayments





# Fund Solvency

**Deferral Fund Account Balance**



# Legislative Revenue Office

<https://www.oregonlegislature.gov/lro>

503-986-1266

State of Oregon

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LEGISLATIVE REVENUE OFFICE

