

SB 884 -1, -2 STAFF MEASURE SUMMARY

Senate Committee On Veterans, Emergency Management, Federal and World Affairs

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Sub-Referral To: Joint Committee On Tax Expenditures

Meeting Dates: 3/9

WHAT THE MEASURE DOES:

Increases existing property tax exemptions for Oregon veterans with disabilities. Grants exemptions to and recodifies the definition of a 'surviving spouse of a veteran'. Takes effect on the 91st following adjournment sine die.

NOTE: *Measure has subsequent referral to Committee on Tax Expenditures*

ISSUES DISCUSSED:

- History of the current property tax exemption for disabled veterans
- 'Service-connected' disability versus non-service connected disability
- Appreciation for the service of veterans

EFFECT OF AMENDMENT:

-1 Removes the requirement that a surviving spouse of a veteran submit a new exemption claim if their spouse dies during the previous tax year or if the property was acquired after March 1 but prior to July 1 of the assessment year and the veteran died within 30 days the property was acquired. Requires surviving spouse to notify the county assessor of the election and requires the assessor to continue the exemption if the surviving spouse meets eligibility requirements.

FIS: *Minimal fiscal impact on measure w/the -1 amendment*

RIS: *"Revenue Lite" hall pass issued on measure w/the -1 amendment*

-2 Removes the requirement that a surviving spouse of a veteran submit a new exemption claim if their spouse dies during the previous tax year or if the property was acquired after March 1, but prior to July 1 of the assessment year and the veteran died within 30 days the property was acquired. Requires surviving spouse to notify the county assessor of the election and requires the assessor to continue the exemption if the surviving spouse meets eligibility requirements. Removes provision that counties may adopt a resource that establishes a maximum amount of annual gross income that may be earned by a veteran or surviving spouse who qualify for the maximum exemption. Adds a new exemption that any Veteran having a service-disability of 100 percent or more than one service-related disability that equals 100 percent or more and meets the criteria of the U.S. Department of Veterans Affairs for unemployability, if the property taxes assessed on their property exceeds 14 percent of their taxable income for the preceding tax year, the property shall be 90 percent exempt the next property tax year. Requires the Department of Revenue to develop a program to be administrated by the Department of Veterans Affairs where a county can request and be reimbursed the amount of property taxes forgone due to the new exemption. The new exemption is also extended to a surviving spouse prior to remarriage.

FIS:

RIS:

BACKGROUND:

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Property tax exemptions for disabled veterans have been part of Oregon law since 1921. Oregon Revised Statute 307.250 - 307.270 authorizes property tax exemptions for Oregon veterans with disabilities and their surviving spouses who are not remarried.

Senate Bill 884 increases existing property tax exemption rates and creates a new exemption. The measure proposes increasing, from \$15,000 to \$60,000, the existing property tax exemption for veterans having disabilities of 40 percent or more. The current exemption is subject to a three percent increase each tax year.

The measure also increases, from \$18,000 to \$65,000, the existing property tax exemption for having a service-related disability of at least 40 percent but less than 100 percent. The current exemption in state law is for veterans with a service-related disability of 40 percent or more, which is subject to a three percent increase each tax year.

The measure proposes a new property tax exemption of up to \$150,000 for veterans who are officially certified as having a service-related disability of 100 percent, or who have more than one service-related disability whose combined ratings equal 100 percent. This section includes provisions for the surviving spouse of a veteran who died as a result of their service-related disability and allows counties to adopt ordinances that establish income limitations for exemption eligibility.

SB884 also recodifies that a "surviving spouse of a veteran" is a veteran's surviving spouse who has not remarried, and updates current state law with this definition.