

Property Tax Exemption for Disabled Veterans and Surviving Spouses

Background

There are approximately 40,000 tax accounts with the assessed-value exemption for certain disabled veterans and their surviving spouses. Oregon Constitution, Article XI, Section 11 requires that properties have their maximum-assessed value recalculated when they exit a partial exemption program. ORS 307.260 requires that the surviving spouse of a disabled veteran reapply for the program when the veteran dies, subjecting that property to the recalculation of maximum assessed value.

Administrative Questions

The Department of Revenue (DOR) has a few technical questions about the bill, all of which are resolved with the [-1 amendment](#).

First, the bill applies to property tax years beginning on or after July 1, 2023. Because the effective date of the bill will likely not be until late September or early October, after the county assessor locks the tax roll and turns it over to the county tax collector, the assessor will then have to go back to each account affected by the bill and make a correction.

Solution: This could be resolved by waiting a year and making the bill apply to tax years beginning on or after July 1, 2024.

Second, both ORS 307.250(3)(b) and the new ORS 307.250(4)(b) in the bill include the clause “. . . if the veteran died as the result of service-connected injury or illness . . .” Because that clause appears twice, the taxpayer and the assessor may be confused about whether the surviving spouse of a veteran who died in those circumstances is intended to receive the \$65,000 exemption or the \$150,000 exemption.

Solution: Delete the redundant phrase in one of the two aforementioned paragraphs.

Third, the bill provides an opportunity to tie up a loose end that has generated some discussion in the Senate Finance and Revenue and House Revenue committees over the past year or more. ORS 307.260 requires the surviving spouse to reapply to receive the exemption, and thus subjects the property to a recalculation of its maximum-assessed value. This could bring an unpleasant surprise to the surviving spouse if their property’s real-market value has been growing faster than that of similar properties in the same area.

Solution: In ORS 307.260(1)(b), eliminate the need for the surviving spouse to reapply when their loved one passes.

Agency Contact

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