



SB 655 Freezes property taxes for certain seniors and creates a loophole

Senate Finance and Revenue – Jody Wiser – 3.20.2023

The issue behind this bill is seniors and disabled homeowners who struggle to afford their homes. The real issue that this bill attempts to address is homeowners with equity in their homes who also are eligible for and want Oregon's beneficial property tax deferral program for seniors and the disabled. But we have to oppose this version of a fix as it creates a giant loophole. It's not that we don't think there could be solutions. We would be happy to serve on a workgroup to find one. SB 655 is not it.

Understanding the loophole.

Suppose I am low income and my home value is low enough for me to qualify for Oregon's senior and disabled property tax deferral program. And, I am wise to the benefits of having a reverse mortgage under this bill. I go get a reverse mortgage, even if I don't particularly need one at the moment. I might not even take any of my home's built up gain out at the time.

Magicow. Now I can apply and get my property taxes frozen for the next thirty years, even longer if I am a thirty year-old disabled person. And I remain eligible even if I inherit \$3 million or my homestead becomes more valuable because it comes inside the UGB. Utilities have arrived and my property can now have more homes built on it.

I do believe the problem could be addressed by allowing certain homeowners with reverse mortgages into the deferral program as long as there always remains \$50,000 or more in value above the property taxes deferred plus their interest and the debt on the reverse mortgage. I choose \$50,000, which I would index, because we all know that some seniors, especially those in this program, stop being financially able to maintain their homes as they age in place, and a roof that wasn't timely replaced or a gaggle of pets that cause significant damage from which the corpus of the property tax deferral program should be protected.

Let's work to solve the problem of unleashing a portion of built in-gain with limited reverse mortgages while also providing protection for Oregon's robust property tax deferral program.

We would be pleased to help with this project.