

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 (MAV) recalculated when they exit a partial exemption program. In addition to expanding this exemption for certain veterans, SB 884 helpfully clarifies that the surviving spouse of a participating veteran does not have to reapply to remain in the program and therefore will not have their property's MAV recalculated when the veteran dies.

Administrative Approach

The Department of Revenue can implement the bill, as written. We simply have two points to make on the record to provide taxpayers and county officials with certainty about how the bill will be administered.

First, unlike the exemption levels created in ORS 307.250(2), (3), and (4), which are explicitly described in statute as exemptions of "assessed value," the 90 percent exemption in the new ORS 307.250(6) is understood as an exemption of real-market value.

Second, in the probably rare scenario in which a taxpayer with the 90 percent exemption becomes ineligible for that level of exemption due to an increase in income or decrease in assessed property taxes, that property's MAV would be recalculated, as required by Oregon Constitution, Article XI, Section 11(1)(c)(E).

Agency Contact

Seiji T. Shiratori, Policy Director, Property Tax Division, Oregon Department of Revenue, email: seiji.shiratori@dor.oregon.gov, phone: 503-877-7932