House Bill 2340

Introduced and printed pursuant to House Rule 12.00. Presession filed (at the request of Governor Tina Kotek for Department of Revenue)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced.** The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act makes a home eligible for tax deferral after three years of living in it instead of five. (Flesch Readability Score: 67.3).

Reduces the minimum number of years that property must have been the homestead of an individual before the property is eligible for the homestead property tax deferral program.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to eligibility criteria for the homestead property tax deferral program; creating new provisions; amending ORS 311.670; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 311.670 is amended to read:

311.670. (1) Property is not eligible for tax deferral under ORS 311.666 to 311.701 unless, at the time a claim is filed and during the period for which deferral is claimed, the property meets the requirements of this section.

(2)(a) The property for which the claim is filed must have been the homestead of the individual or individuals who file the claim for deferral for at least [*five*] **three** years preceding April 15 of the year in which the claim is filed.

(b) The [*five-year*] **three-year** requirement under paragraph (a) of this subsection does not apply to a homestead that meets all other requirements of this section, if the individual or individuals filing the claim for deferral:

(A) Are required to be absent from the homestead by reason of health;

(B)(i) Moved to the homestead for which the claim is filed from a homestead that was granted deferral under ORS 311.666 to 311.701 and was of greater real market value than the homestead for which the claim is filed;

(ii) Sell the prior homestead within one year of purchasing the homestead for which the claim is filed;

(iii) Satisfy any lien created under ORS 311.673 or 311.679 and attached to the prior homestead; and

(iv) Provide a written attestation that the individual or individuals incurred debt for not more than 80 percent of the purchase price of the homestead for which the claim is filed; or

(C) Are a surviving spouse or disabled heir claiming continuation of deferral under ORS 311.688.

(3) The individual claiming the deferral, individually or jointly, must own the fee simple estate under a recorded instrument of sale, or two or more individuals together must own the fee simple estate with rights of survivorship under a recorded instrument of sale if all owners live in the

property and if all owners apply for the deferral jointly.

(4)(a) The homestead must be insured for fire and other casualty.

(b) If the homestead meets all other requirements of this section and is insurable for fire and other casualty but not insured, the Department of Revenue may purchase insurance for the homestead and add the cost of the insurance coverage to a lien created under ORS 311.679.

(5) There may be no prohibition to the deferral of property taxes contained in any provision of federal law, rule or regulation applicable to a mortgage, trust deed, land sale contract or conditional sale contract for which the homestead is security.

(6) A homestead is not eligible for deferral under ORS 311.666 to 311.701 unless the real market value of the homestead entered on the certified assessment and tax roll for the property tax year immediately preceding the property tax year for which the taxes will be deferred is less than the greater of $250,000 or:

(a) 100 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead less than seven years.

(b) 110 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead at least seven years but less than nine years.

(c) 120 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead at least nine years but less than 11 years.

(d) 130 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead at least 11 years but less than 13 years.

(e) 140 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead at least 13 years but less than 15 years.

(f) 150 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead at least 15 years but less than 17 years.

(g) 160 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead at least 17 years but less than 19 years.

(h) 170 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead at least 19 years but less than 21 years.

(i) 200 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead at least 21 years but less than 23 years.

(j) 225 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead at least 23 years but less than 25 years.

(k) 250 percent of county median RMV if, as of April 15 of the year in which a claim is filed, the taxpayers have continuously owned and occupied the homestead for 25 years or more.

(7)(a) For each tax year beginning on or after July 1, 2022, the Department of Revenue shall recompute the $250,000 minimum cap on allowable real market value provided under subsection (6) of this section as follows:

(A) Divide the average Consumer Price Index for All Urban Consumers, West Region, for the first six months of the current calendar year by the average Consumer Price Index for All Urban Consumers, West Region, for the first six months of 2021.

(B) Recompute the minimum cap on allowable real market value by multiplying $250,000 by the appropriate indexing factor determined under subparagraph (A) of this paragraph.

(b) Any change in the minimum cap on allowable real market value determined under paragraph (a) of this subsection shall be rounded to the nearest multiple of $500.

(8) For purposes of subsection (6) of this section, a surviving spouse or disabled heir who is eligible to claim continuation of deferral under ORS 311.688 is considered to have owned and occupied the homestead from the date on which the deceased individual or individuals who filed the claim for deferral first owned and occupied the homestead.

SECTION 2. The amendments to ORS 311.670 by section 1 of this 2025 Act apply to property tax years beginning on or after July 1, 2026.

SECTION 3. This 2025 Act takes effect on the 91st day after the date on which the 2025 regular session of the Eighty-third Legislative Assembly adjourns sine die.