

Senate Bill 119

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Finance and 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 would create a property tax credit for the home of a person who is on active military duty. The Act would phase out the current partial exemption for such homes. (Flesch Readability Score: 61.6).

Provides for a property tax credit against the ad valorem taxes imposed on the homestead of a resident serving on active military duty. Phases out the current partial exemption for such homesteads.

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

A BILL FOR AN ACT

1
2 Relating to a property tax credit for the homestead of residents on active military duty; and pre-
3 scribing an effective date.

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

SECTION 1. As used in sections 1 to 3 of this 2025 Act:

6 (1)(a) **“Credit-eligible taxes” means ad valorem property taxes that are:**

7 (A) **Operating taxes as defined in ORS 310.055; or**

8 (B) **Local option taxes as defined in ORS 310.202.**

9 (b) **“Credit-eligible taxes” does not mean ad valorem property taxes that are levied to**
10 **repay bonded indebtedness.**

11 (2) **“Eligible homestead” means residential property that:**

12 (a) **Is owned by a resident of this state described in section 2 (1) of this 2025 Act; and**

13 (b) **Would be occupied by the resident as a primary residence, but for military service**
14 **described in section 2 (1) of this 2025 Act.**

15 **SECTION 2. (1) A property tax credit is allowable for the homestead of any resident of**
16 **this state who is:**

17 (a) **Serving in the Oregon National Guard, military reserve forces or organized militia**
18 **of any other state or territory of the United States; and**

19 (b) **Performing service:**

20 (A) **Under Title 10 of the United States Code or pursuant to a deployment made under**
21 **the authority of the Emergency Management Assistance Compact; and**

22 (B) **For more than 178 consecutive days, if at least one of the days falls within the**
23 **property tax year for which the tax credit is claimed.**

24 (2)(a) **Upon compliance with section 3 of this 2025 Act, and regardless of any value as-**
25 **essed on the eligible homestead, a credit against the credit-eligible taxes otherwise due on**
26 **an eligible homestead shall be allowed for any property tax year in an amount equal to the**
27 **lesser of:**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (A) The credit-eligible taxes due on the property; or

2 (B) \$1,750.

3 (b) The maximum amount of the credit allowable under paragraph (a) of this subsection
 4 shall be adjusted annually by the percentage, if any, by which the monthly averaged Con-
 5 sumer Price Index for All Urban Consumers, West Region (All Items), as published by the
 6 Bureau of Labor Statistics of the United States Department of Labor, for the 12 consecutive
 7 months ending August 31 of the property tax year for which the credit is allowable exceeds
 8 the monthly averaged index for the 12 consecutive months ending August 31, 2025.

9 (3)(a) The amount of the tax credit used against the property taxes imposed on an eligible
 10 homestead shall be withheld from the taxing districts of the code area in which the eligible
 11 homestead is located according to the percentage schedule prepared and filed under ORS
 12 311.390.

13 (b) The total amount of the credit shall be allocated proportionately among the credit-
 14 eligible taxes to which it relates.

15 (c) For any partial payments of credit-eligible taxes, the amount of the credit allowed
 16 against the payment shall be proportional to the percentage of the total taxes due that are
 17 paid.

18 (d) If the amount of the credit exceeds the credit-eligible taxes due on the eligible
 19 homestead for the property tax year, the excess may not be used in any succeeding property
 20 tax year.

21 (4)(a) A resident currently receiving the partial exemption against a homestead's as-
 22 sessed value granted under ORS 307.286 may, for the succeeding property tax year, file a
 23 claim for and receive instead the tax credit allowed under this section against the credit-
 24 eligible taxes imposed on the homestead.

25 (b) A homestead may not receive both the partial exemption and the tax credit for any
 26 property tax year.

27 (5) It is the intent of the Legislative Assembly that a tax credit allowed under this sec-
 28 tion does not subject the eligible homestead to revaluation under Article XI, section 11
 29 (1)(c)(E) or (2), of the Oregon Constitution.

30 **SECTION 3.** (1) Each resident seeking the property tax credit allowable under section 2
 31 of this 2025 Act shall file with the county assessor, on forms supplied by the assessor, a claim
 32 in writing on or before August 1 following the end of the property tax year for which the tax
 33 credit is claimed.

34 (2) A claim for the tax credit under section 2 of this 2025 Act shall:

35 (a) Designate the eligible homestead to which the tax credit will apply;

36 (b) Set forth the basis for eligibility of the claimant and the homestead for the tax credit;
 37 and

38 (c) Include a statement by the claimant, subject to the penalties for false swearing under
 39 ORS 162.075, that all information contained in the claim is true.

40 (3) Notwithstanding subsection (1) of this section and section 2 (1) of this 2025 Act, the
 41 eligible homestead of a resident described in section 2 (1) of this 2025 Act who files a claim
 42 prior to the date on which the resident's service begins shall be allowed the tax credit if the
 43 claimant has written orders that require the performance of service for at least one day
 44 during the property tax year for which the tax credit is being claimed and the claimant and
 45 the homestead are otherwise eligible for the tax credit.

1 (4)(a) Notwithstanding subsection (1) of this section and section 2 (1) of this 2025 Act, an
2 individual, other than the eligible resident, who is lawfully occupying an eligible homestead
3 may file a claim for the tax credit allowable under section 2 of this 2025 Act by the time
4 prescribed in subsection (1) of this section if the eligible resident died while performing the
5 service described in section 2 (1)(b)(A) of this 2025 Act during the current or preceding tax
6 year.

7 (b) The claim shall be allowed by the county assessor if the eligible resident met all of
8 the requirements for a tax credit under section 2 of this 2025 Act prior to death, other than
9 the number of consecutive days of service specified in section 2 (1)(b)(B) of this 2025 Act.

10 (5) The tax credit shall be allowed for the property tax year in which the claim is required
11 to be filed.

12 (6) If the credit-eligible taxes for the property tax year for which the tax credit is allowed
13 have not been paid, the amount of the tax credit and any interest on the amount shall be
14 abated.

15 (7)(a) If the credit-eligible taxes for the property tax year for which the tax credit is al-
16 lowed have been paid without allowance of the tax credit, notwithstanding section 2 (3)(d)
17 of this 2025 Act, the amount of the credit allowed shall be refunded in the manner prescribed
18 in this subsection.

19 (b) The tax collector shall notify the governing body of the county of any refund required
20 under this subsection and the governing body shall cause a refund of the credit-eligible taxes
21 and any interest paid on the taxes to be made from the unsegregated tax collections account
22 described in ORS 311.385.

23 (c) The refund shall be made without interest.

24 (d) Refund amounts shall be withheld from the taxing districts of the code area in which
25 the eligible homestead is located according to the percentage schedule prepared and filed
26 under ORS 311.390.

27 (e) The county assessor and tax collector shall make the necessary corrections in the
28 records of their offices.

29 **SECTION 4.** Property tax credits under sections 1 to 3 of this 2025 Act may be allowed
30 against credit-eligible taxes due for property tax years beginning on or after July 1, 2026.

31 **SECTION 5.** (1) Except as provided in ORS 307.289 (4), an initial year of partial exemption
32 under ORS 307.286 may not be granted for property tax years beginning on or after July 1,
33 2026.

34 (2) Notwithstanding the sunset date provided in subsection (1) of this section, a home-
35 stead that is granted a partial exemption for the property tax year beginning on July 1, 2025,
36 shall continue to receive the partial exemption for as long as the resident and the homestead
37 qualify for it under ORS 307.286.

38 **SECTION 6.** This 2025 Act takes effect on the 91st day after the date on which the 2025
39 regular session of the Eighty-third Legislative Assembly adjourns sine die.

40