

My presentation on March 8th for SB 884 SHANNON NORMINGTON 80% IU

-Thank you so much for recognizing our service and affording me the opportunity to inform you of my situation. My name is Shannon Normington, my phone number is 971.900.4009. I am here because I need you to amend SB884, if you don't I could lose my home. I ran 300 missions in Iraq as a Bodyguard for the Brigade Commander of 4BCT/25ID operating out of FOB Kalsu 40 klicks south of Baghdad during the 'surge'. It was a real meat grinder, my 12 person team got blown up 9 times and 2 people were killed and 56 people in the brigade were killed. I was shot in the stomach and blown up while on active duty and sustained service connected injuries. I'm here because if I do not get some property tax relief I will have to sell my home and move out of the community. I currently pay over \$9,000 more than 4 times the state average for my property taxes. My house has been in foreclosure multiple times and everyday I'm concerned on how I will pay my bills. The thing is I was born in 97212, I grew up in 97212 and I left, risking my life to protect the way of life here in 97212. We're empathetic in this community and we look out for each other. I don't want to leave! I went to Grant High School and after graduating from U of O in 2005 I could have gone and gotten a job with my degree but I joined the Army. I wanted to do something exciting and important, something bigger than myself and it felt good knowing I was keeping Portland safe from a distance, 9/11 affected me. I was a youth coach in Portland for Nike before I joined up and loved how connected I felt to the community so when I got hurt I knew I wanted to try to contribute in that way. The past 10 years I've been a volunteer youth coach for a number of sports, it gives me that feeling of comradery, brotherhood and sisterhood I so miss from my service and really haven't found anywhere else. I love reaching in and connecting with these young souls, helping them learn their value and understand their potential to accomplish great things in life. And I'm good at it too- none of the kids on the Grant youth football team missed a game for failing grades, we made it to the state semi finals in the hardest division in the biggest league west of the Mississippi. My son gets a 3.7 GPA in compacted math and immersion spanish, he made the all state team for football and is ranked in the top ten nationally for track. I take young people's potential seriously.

After recovering some from my injuries I bought my house in 2010 for \$303,000 in NE Portland, about 5 blocks from the house where I grew up and my parents still live. I have been trying to get a deduction passed since 2019 and helped write the amendment to HB500 so I have some knowledge about this situation. According to the Oregonmetro.gov site the average house price in 1968 was \$19,800, the property tax deduction was \$18,000- effectively giving you 100% off your bill. Now the average house price is \$250,000 and our current deduction is \$22,000, less than 10% deduction. I personally get a 2.8% deduction on my property tax bill. The state average payment for property tax in 2022 was \$2,241. I paid \$8,965, 4 times more than average.

According to (3)Taxrate.org the average percentage of income Oregon state residents paid toward property taxes is 3.6%, in Klamath the average is 2.1%, I'm at 22%. That's more than 6 times normal! This is a key metric because it illustrates the financial strain the tax puts on my income. I live in a county that granted TV personality Faye Resnick from "The Real Housewives of Beverly Hills," a \$16,000 tax break on her \$1.3 million mansion she bought in 2014 because, according to the county assessor's office, it was a historical building. They got %45 off their property tax payment on their million dollar house because of historical value? Dollar amounts are easy for the legislative council to craft bills around but don't hold up against time. We haven't passed a bill in 21 years. When you have dollar amounts for deductions, inflation and an inability by the government to protect the very people that protected it you end up going from 100% to 3%. Please realize, I'm in a closed economic loop, I can't go out and work

overtime to make more money if I need it. My house value is set by the county. I have no way to contest it since measure 5 was introduced in 1997. This is all happening in a state that is the 4th most expensive to live in for retired veterans according to military.com. 95% US counties have a lower property tax rate than Multnomah!

I understand counties are concerned about losing funding for pillars of community- fire, police, education but disabled veterans have been trying to get a bill passed for 21 years! 10 bills have been brought to the floor- 5 in House 5 & 5 in the senate with none being passed! Counties generated \$7.5 billion for the state of Oregon in 2021. 4 different financial impact statements that were performed over 21 years on these 10 bills, all came back 'minimal impact'. That's because the 40,000 deductions in 2020 only cost the state \$14,000,000- 0.17% of the state tax revenue. These bills have not been passed because of fear. I get it, we don't have sales tax here in OR, counties get most of their spending power from property taxes. Fear is best overcome with facts and I have brought some hard data. Is there still some risk? Yes. Is it the same amount of risk I took when I volunteered for active duty during a war? No, of course not, but now that you understand my situation and its urgency I ask for the same empathy this state shows its homeless in the idea of monthly payments.

HERES THE ISSUE- if you pass the bill as written I will still be paying over \$8,000 in property taxes next year! Assessed value of my house is \$600,000. I will be receiving a deduction of \$60,000 or 10% and I pay \$9,000 now. Even if I get the \$150,000 deduction I still will be paying 75% of my current bill- \$6750. I will lose my house if you do not amend this bill with the state average refund.

Help me and 1000's of disabled veterans stay in our house by amending this bill! We need a financial backstop to keep me and the estimated 1,200 veterans who are rated as permanently unemployable by the VA and are paying over the state average for property tax. The cost of this amendment could be as little as \$600,000 annually. The tax assessor's office has our disability rating via our deduction. If we are level III (paid at the 100% level) we would be allowed for a refund at the end of the year, the office can do the math right there and see how much we overpaid compared to the state average and issue a check. I mean, Ideally this could be calculated the year prior and we would just pay the state average from two years prior. I have to get this done for me and my son or we will lose our home, I want to make this amendment easy to understand and implement. By using the state average we will be future proofed against inflation and other economic factors.

Lastly, because the rural areas have the greatest density of disabled veteran homeowners, they are concerned about losing tax revenue. This is understandable, these communities are often overlooked for grants and other monies earmarked for dense urban areas. Fortunately out of the 36 counties in Oregon only Benton, Clackamas, Multnomah and Deschutes have constituents whose payments are over the state average. For instance in Klamath county, which has the highest population of disabled vets per capita, the average payment was \$1,083, \$1,200 less than the state average. The tax rate in Klamath is .64%, a veterans house would need to cost \$1,200 less than the state average. This backstop wouldn't be hit in 32 of the 36 counties and therefore take no money from these smaller, rural areas.

IDEAS FOR AMENDMENTS/VERBIAGE CHANGE IN VETERAN DESCRIPTION

Two issues we need to address-

1. Including disabled veterans who are rated 'IU' individual unemployability and being paid at the 100% level because of service connected injuries in SB884, not just those veterans given a 100% rating
2. Deciding between giving

A 90% deduction if the property tax payment is more than 20% of income for veteran

or

A refund if your property tax payment was over the state average

Issue #1

The VA ratings system is confusing and cluttered. If we are not careful with how we write this bill we will leave out nearly HALF of the disabled veterans getting paid at the 100% level that are meant to be getting protected. The easiest way to explain how we rate disabled veterans for the purpose of property tax deductions in Oregon would be to say we have 3 levels of ratings:

- I 10%-40%
- II 40%-90%
- III 100%

WE NEED TO GET RID OF THE % AND USE A \$ SIGN. Literally that would solve this issue- issue deductions based on the % we are paid at, like Texas does, not the actual %. The council that writes the bill should look at the verbiage from the Texas bill I included and compare it to ours-

LINE 31 of SB 884 states:

- (A) service-connected disability of 100 percent; or
- (B) More than one service-connected disability, the ratings of which, if added together, would equal 100 percent or more.

I believe that section (B) should be removed from the bill. Who is going to add up the %? We bring a print out of all of our disabilities to the local tax assessor?

Texas verbiage via Q & A-

In order to qualify for this exemption, do you have to be awarded a 100 percent disability rating and awarded 100 percent service connected disability compensation?

Yes. A disabled veteran with a service-connected disability awarded 100 percent disability compensation and a disability rating of 100 percent (or determination of individual unemployability) is eligible for this exemption.

To qualify for this exemption does a veteran have to be both unemployable and have a service-connected disability rating of 100 percent?

No. A disabled veteran with a service-connected disability awarded 100 percent disability compensation is eligible for this exemption if he or she is either 100 percent disabled or is unemployable.

More than 5,500 Oregon veterans, with service connected injuries so bad they can no longer work, will not be receiving the max deduction meant for them- \$150,000. This is because disabled veterans with an IU 'Individual Unemployable' rating need only to be 70% or above to achieve this rating. The VA knows its rating system is flawed and so they created this work around which allows them to pay us at the 100% level but not commit to granting a permanent rating. These IU rated disabled veterans make up 45% of the community getting paid at the 100% level in Oregon- 5,500 veterans. My understanding is that they will not be eligible for the \$150,000 deduction because of the wording of the bill. They also would not be eligible for the refund I write about below

Please change the verbage to:

A SERVICE CONNECTED DISABILITY AND PAID AT THE 100% LEVEL

We need to view the VA injury information not as a rating but a level of compensation, focusing on the bottom line, which is what kind of compensation you are getting for your injuries.

Issue #2

The other issue is how best to help ease the property tax burden for Veterans who can no longer work due to their injuries sustained while on active duty and what metric to use as the threshold. Which benefit would be more equitable, easier to compute, require the least amount of work from both the veteran and the county tax official and have the smallest negative impact on rural counties with a high population of disabled veterans?

As written:

If a Veteran is paying more than 20% of their income to property tax they would receive 90% off their bill. 20% is too high. The average person in Oregon pays 3.5% of their income towards property tax and in Klamath, the county with the highest pop density of disabled veterans it is 2%. The minimum a service connected veteran can get paid at level III(100%) is \$43,500 a year. To trigger a 90% deduction the veteran would need to be paying at least \$8,690 in property taxes. Not one Veteran residence in Klamath had a property tax payment that high. This is BEFORE the new \$150,000 that would lower that tax bill anywhere from 20-30%, meaning even less level III vets would get this deduction. This would be the kiss of death for me! If I get the \$150,000 deduction that would put my tax payment at \$6,750, three times the state average but only 14% of my income. I WOULD NOT GET THE 90%

More equitable STATE AVERAGE

If the Veteran's property tax payment is larger than the state average for that year, the veteran can apply for a refund for the difference with their local assessor's office.

The variance in the amount disabled Veterans being paid at the 100% level is around \$4000 (\$37,000-41,000). We all are getting more or less the same amount (dependents etc but that works itself out with a payment increase/decrease). If a veteran's taxes are only \$900 because your county has a low rate and more affordable housing, you do not need 90% off that bill, that payment is only about 2% of your income. If you are over the state average- \$2,241 in 2022, that's starting to become a significant piece of your disability check and is closer to 5% of your income. By the way, the average income in the state of Oregon is \$67,000. The beauty of the refund is that the deduction is the same across the board- the prior year state average. It is the same across the board, just like our disability pay. It is the fairest because you get back what you paid into it. The other deduction will vary much more and if we are all getting paid the same the less variance the better

2. The math is much more simple for the state average model. Who is going to add up your income and figure out what % your property tax payment was of it. Most disabled vets do not file taxes because they are not required. Without a W2 it will be difficult for the assessor's office to validate income. With the state average method, the assessor's office would field the refund request and then pull that specific tax file. They then would verify that the residence received the required deduction amount (at this time \$150,000 in the bill) which grants the refund being applied. The math is just simply the amount the residence paid for their property tax - the previous years state average= refund amount. The assessor office has everything they need and the veteran would not have to do anything other than file for it online possibly, no documents needed- great for disabled people!

A more fair way for the rural veterans would be to use the county average of which the refund was requested, but this would take WAY more money from those smaller population counties

One last thing. I was told I could defer my taxes into a lien against my home for no interest. Not true. In Multnomah County, deferment costs the homeowner 6% of the total owed, compounding interest each year as well as new tax increasing 3%. If I were to go into this deferment program in 22 years I would owe \$602,000, the current RMV of my house. If I lived for another 40 years and wasn't able to pay back the tax as I go I would owe \$2,400,000. Crazy right? Here's the site with the calculator for the math:

<https://www.omnicalculator.com/finance/compound-interest>