

Submitter: Don Homuth

On Behalf  
Of:

Committee: Senate Committee On Veterans, Emergency Management, Federal and World Affairs

Measure: SB884

Recommendation:

Your committee might consider the following suggestions:

- That for disabled veterans with any disability rating the legislature may specify – certainly 100% but it could be somewhat lower – there be an automatic division of the property tax into two amounts – one amount to be paid, and another to be deferred. That could be done via a one-time certification to the County Auditor of the disability status, and would apply thereafter for some set period. Renewal would be optional.
- Alternatively, that a disabled veteran as discussed above could apply to the county Board of Equalization to defer some specific amount, part of which would be paid and part of which would be deferred in a manner similar to the previously mentioned property tax deferral for senior citizens. The amounts would then become a matter of negotiation between the property owner and the BoE within the specific county. All due process appeals would apply.

In all circumstances, the deferred amount would be held by the county as a lien against the property to be repaid at the time of sale or the death of the property owner. Some minimal interest should be assessed against the lien amount, but it should not be compounded automatically annually.

Discussion:

In my experience, all such property tax relief measures attempting to establish a broad statewide requirement have some issues when it comes to individual application in localities. Though the Association of Oregon Counties expressed its support, it came with the admonition that “the state should pay for it.” That is not something that state legislatures should generally deal with because it removes from the local taxing jurisdictions the fiscal responsibility of how to apply the exemption. Notwithstanding those observations, there was one Iraq war veteran who testified that the current means of property tax assessment on his property in Multnomah County has him paying some \$9,000/year, and that amount puts him in jeopardy of losing his home. He is currently 100% disabled from the US Veterans Administration, is considered unemployable, and his income is fixed and does not adjust upward to cover the ever-increasing local property tax amount due.

It seems to me there is a way to address his specific concerns that would also apply to others like him who might find themselves in similar circumstances. (There cannot be all that many.) Senator Thatcher said that in Oregon, that method is the “property tax deferral” and is something senior citizens may apply for. In my previous work as a ND State Senator, we called it the “circuit breaker.”

The testimony he gave indicated that he was not seeking 100% forgiveness on

property taxes due. He indicated he was willing to pay a reasonable amount – in his case he suggested an amount equal to the statewide average which would be something over \$2200 or so, and sought relief for the remaining amount. In his case, that would be something like \$6800.

In my conversation with him afterwards, he said that for him, it was a question more of cash flow than anything else. That extra more than \$500/month constituted a genuine hardship. I believe he was sincere in that. I asked him directly whether he would be willing to pay somewhat more than the state average he alluded to. His response was guarded, but positive.

It is not at all clear to me that the appropriate baseline amount would be the statewide average. Property taxes are a local-only matter, and attempting to apply an arbitrary statewide amount would result in asymmetries in the adjustment that would not properly address local conditions.