



## HB 3712A – Upgrade Oregon’s deferral program

Senate Finance and Revenue Committee – Jody Wiser – 6.2.2025

The deferral program is an excellent benefit available for Oregon’s seniors and SSI disabled homeowners – which few of them use. It allows them to borrow from the state with interest and have their property taxes paid in November with the 3% discount.

Jurisdictions get their operating funds, while the homeowners have extra money to spend each month because their property taxes are deferred. Originally funded by the Legislature, the program has been self-supporting for some time.

While the population of senior homeowners have grown with the boomer bulge, the use of the program has dropped to one third of what it was in the 90s. My estimate is that 600,000 to 700,000 Oregon seniors own their own homes. But the deferral program has only 3662 participants.

HB 3712A will allow a somewhat broader range of seniors and disable to use the program. But frankly, it’s likely our lack of outreach that most limits participation not the perimeters of the program.

I spent a couple of afternoons looking into the states’ deferral programs nearest to Oregon.

Data for the six states I looked at is on OLIS for today’s date labeled “report”

- Five states have income limitations which vary with their complexity and carve outs.
- Equity is required in all states except Oregon - of 10, 20, 20, 25, and 40%
- We are the only state with an asset limitation.
- Four have no property value limitation.
- Only Oregon and Arizona have a years of ownership limitation
- Unlike Oregon, all other states require recertification annually.

I’ve come to believe that equity, not years in one’s home, is the better way of assuring the state’s fiscal is protected.

What I noticed immediately is that our 6% interest rate is the highest. During my tenure observing the Legislature, there have been two instances where excess assets from the fund were reallocated to assist other seniors. Therefore, it appears that an examination by the Legislative Revenue Office (LRO) of the fund’s adequacy since its inception, considering a 5% and/or variable interest rate, is warranted. The other states I looked at had either a 5% rate or a variable rate. LRO should examine this in their report.

It would be wise to also explore if other states are like Oregon with:

- Our various fees, most of which can be deferred: fees for recording and releasing the lien on the property, as well as a potential late application fee or manufactured structure filing fee,
- Our three-and-a-half-month application period, and
- Allowing social security disability but not military disability.

And I began to wonder, if an applicant has adequate equity, is there any reason to deny participation because of delinquent taxes, a reverse mortgage or a home equity loan?

Putting these constraints aside, the biggest problem with our Deferral Program is lack of awareness of the program. When I saw so many bills this session to reduce or eliminate property taxes for seniors, I decided to meet with the bills' sponsors. I've spoken with four. Rep. Bobby Levy said, "I learned about it when you spoke against my bill." Two others were unaware of the deferral program when they wrote their bills. How many legislators don't know about it and therefore don't mention it to their senior and disabled constituents?

I suspected that some would be afraid there would be no equity left for their children. The first "graphic" shows what I learned when I gathered data from several homes. Usually, the equity in the homes increased more than the taxes + interest. That is in the first "map/graphic" under today's date on OLIS.

I hope that LRO will expand beyond the research that is required in this bill. Either because you amend the bill to require more and send it back to the House, or because LRO tells you they will do so. If amending, change page 4 lines 26-28. Ask LRO to look at using an equity requirement to replace years lived in home rather than the income cap. That's the comparable dynamic. But I think we could also significantly reduce the number of our requirements.

We've prepared some county-specific flyers, two of which are in OLIS. We'd be happy to make one for specifically for your district for you to share with constituent, just ask.

There are other bills this session that draw down some of the excess funds in the deferral program. HB 3589 uses \$23,500,000 for senior housing. HB 3506 uses another \$3,150,000: \$3 million for physical improvements that will help seniors stay in their homes and \$150,000 to improve outreach for our deferral program. We think that \$150,000 is super important.

Thank you so much for your attention to this bill, and this program.

***We read the bills and follow the money***