

HB 2460 A STAFF MEASURE SUMMARY

Carrier: Rep. Marsh

House Committee On Revenue

Action Date: 05/08/19

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 7-0-0-0

Yeas: 7 - Findley, Hernandez, Marsh, Nathanson, Reschke, Smith G, Smith Warner

Fiscal: No fiscal impact

Revenue: No revenue impact

Prepared By: Jaime McGovern, Economist

Meeting Dates: 2/20, 3/14, 5/8

WHAT THE MEASURE DOES:

Provides that transferee of homestead is not liable for amounts of outstanding deferred property taxes due on homestead if transferee receives no interest in real or personal property from estate. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- If estate transferee is not liable, Department of Revenue (DOR) then attempts to recoup outstanding balance through standard estate collection process in line with other potential creditors of estate.
- How to address potential scenario where decedent made gifts to heirs in previous years that would otherwise have been part of the estate and could have been used to repay outstanding deferred balance.
- Priority of DOR lien, priority of lien based on when placed.
- Deferred accounts that could be affected and related outstanding deferred balance.
- DOR administrative rules recently enacted that will limit such collection practices as described in measure.
- General amount of time it takes counties to foreclose on property for delinquent tax debt (four years).
- Roughly 500 deferral accounts in collection right now, most awaiting sale of the property.
- County collection of delinquent tax debt is generally superior to all other debt, exception is deferral program debt.

EFFECT OF AMENDMENT:

Removes language of original bill.

Creates limiting conditions under which the transferee of a homestead may be liable for property taxes resulting from the estate.

BACKGROUND:

The senior and disabled homestead property tax deferral program allows qualified senior or disabled individuals to borrow from the State of Oregon to pay their property taxes. If an individual qualifies for the program, the Oregon Department of Revenue pays the individual's county assessed property taxes on November 15 of each year. A lien is then placed on the property and DOR becomes a security interest holder. Upon disqualification or cancellation from the program, the deferred tax, interest, and fees must be repaid in full before the lien or security interest on the property is released.