Oregon Property Tax Deferral for Disabled and Senior Citizens
(ORS 311.666-ORS 311.701)

OREGON DEPARTMENT OF REVENUE

www.oregon.gov/dor/property

The 2011 Legislature will likely make changes to the Senior Deferral Program. Check www.oregon.gov/dor/scd frequently for up-to-date information on the program.

As a disabled or senior citizen, you can "borrow" from the state of Oregon to pay your property taxes to the county. This includes manufactured structures, houseboats, multifamily, and income-producing properties (e.g., home business).

How does the program work?

If you qualify for the program, the Oregon Department of Revenue (DOR) will make the property tax payment to the county on November 15. Also:

- Interest at 6 percent on the taxes is deferred, and
- A lien will be placed on your property, and
- On manufactured structures, a $55 fee will be charged to your account for DOR to become a security interest holder, and
- The cost of recording the lien and the manufactured structure fee will be deferred, and
- All payments, plus interest and fees must be repaid.

How do I qualify?

Disabled citizens:

On or before April 15 of the year you file:

- At least one joint property owner needs to qualify as an individual with disabilities.
- You must be determined eligible to receive or be receiving federal Social Security disability benefits due to disability or blindness.

You must send a copy of your federal Social Security award letter or statement of eligibility with your deferral application.

Senior citizens:

On or before April 15 of the year you file:

- If you are married and apply jointly with your spouse or registered domestic partner (RDP), you both must be 62 years old or older; if only one applicant is 62, you must apply as an individual.
- All joint property owners, other than spouse/RDP, must be age 62.

Other requirements:

- **Joint applicants.** You must own or be buying the property together.
- You **must** have a recorded deed to the property **or** you must be buying the property under a recorded sales contract. You may have a revocable trust. You are **not** eligible if you have a life estate interest in the property. A life estate is when you live on the property but do not own the property.
- You must live on the property; however, you may live away from the property because of medical reasons. **You must send a medical statement on letterhead from your health care provider to DOR (the exact medical condition is not needed).**
- Household income must be less than $39,500 for the income tax year 2010. This includes taxable and nontaxable income including Social Security and pensions.
- If you have filed for an income tax extension, attach copies of documentation (i.e., W-2s, 1099s, federal tax return, etc.).
- **If, after your initial approval, DOR discovers additional information on your household income that was not included on your application, you may be disqualified from the program and receive a billing notice.**

How do I apply?

First, read the information about the disabled and senior programs to help you decide if you qualify. Obtain the booklet *Oregon Property Tax Deferral for Disabled and Senior Citizens* from your county assessor's office or at www.oregon.gov/dor/scd. Follow the instructions in the booklet.

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Send your application to the county assessor's office after January 1 and on or before April 15.

Do I need to apply for deferral each year?

No. You only need to apply for the deferral once.

How is the lien on my property recorded and valued?

The lien amount for **Disabled Citizens** is 90 percent of the real market value of your property at the time your original application was filed.

The lien amount for **Senior Citizens** is an estimate of future taxes to be paid and interest to be charged based on life expectancy tables.

Lien amount and balance due

The balance due on the account is different from the lien amount. Taxes paid by DOR, accrued interest, fees, and payment received are the total balance on a deferral account.

Do I qualify if I owe delinquent taxes?

Yes. **You may have current and future taxes deferred, but are still responsible to pay any delinquent taxes to the county.** You may qualify for a Delay of Foreclosure if you own real property. Floating homes and manufactured structures that are not real property do not qualify for the delay.

Your Delay of Foreclosure will be approved by the county if you are approved for the deferral program.

Can payments be made on the account?

Yes. You may pay all or part of your deferral account and continue to defer current and future property taxes. Others (relatives or friends) may also make payments on your account if you do not object.

Make your payments to DOR. **Payments are applied first to accrued interest, then to past deferred taxes, and then to fees.**

What if I have a reverse mortgage?

- You should inform your mortgage company that the state of Oregon will be paying your property taxes only if your mortgage company holds funds to pay the taxes (escrow account). You may want to send them a copy of your deferral approval letter.
- A reverse mortgage does not prevent you from qualifying for the program. The money you receive from the reverse mortgage is not considered as "income" for deferral qualification.

May I have property tax deferral and a veteran's exemption?

Yes. A veteran's exemption will reduce the taxable value of your property. You may defer these reduced taxes through deferral. See information circular *Disabled War Veteran or Surviving Spouse Property Tax Exemption*, 150-310-676 for more information.

Is my yearly income important?

Yes. After your initial approval for the program, your federal adjusted gross income (FAGI) must stay below the annual FAGI limit. This limit may change each year. DOR will review your income each year.

Disqualifying events

- When you sell the property or it changes ownership. **Example:** You deed your property to your children.
- When you move permanently from the property, unless it's because of medical reasons.
- When the applicant dies.
- The property is moved out of state (manufactured structures or floating homes).

The deferred taxes, plus interest of 6 percent per year, and fees must be paid by August 15 of the calendar year following one of the above events.

If the property is inherited and the heir makes the property their principal residence by August 15 of the following year. You may file for an extension of time to pay and arrange a repayment schedule.

Contact DOR to arrange a repayment schedule.

What if I divorce?

A divorce may affect your property tax deferral. Please contact DOR.

Income tax information

If you file a federal income tax return and you itemize deductions on Schedule A, you may deduct the amount of property taxes DOR pays to the county for that year. **Deferred property taxes are deductible on an individual income tax return only in the year that the taxes are paid, not in the year the deferral account receives full payment.**

Interest on the deferred property taxes is deductible as home mortgage interest in the year the interest is paid. Payment amounts applied to accrued interest are deductible in that year. If you pay off your deferral account, the total amount of accrued interest paid is deductible for the year in which the account receives full payment.

Multifamily or income-producing property

- If you own and live in one unit of a multifamily building, the county assessor will determine the portion of property taxes that DOR will pay. You will be responsible for paying the remaining portion to the county.
- If you have a business located on your property, the county assessor will determine the portion of property taxes that DOR will pay. You will be responsible for paying the remaining portion to the county.

Annual statement

By December 15, DOR will send you a statement showing the balance of your deferral account.

Accounts accrue 6 percent simple interest each year

Simple interest is different from the compounded interest that credit card accounts accrue. Simple interest means that the interest computes yearly against the deferred tax amounts. Compound interest means interest is computed using both the amount charged (deferred taxes) and previous unpaid interest.

If you compare our 6 percent simple interest to 6 percent compounded interest charged by credit cards, the simple interest you pay would be significantly less.

For example, if your property taxes were $1,000, the interest for one year would be $60 (0.06 × $1,000 = $60). Interest continues to accrue each year on the deferred tax amounts.

The table below shows deferred property taxes and the simple interest that accrues during that time.

Taxpayer assistance

General tax information

.... www.oregon.gov/dor/property
Salem 503-378-4988
Toll-free from Oregon prefix . 1-800-356-4222

Deferral Unit 503-945-8348

Fax 503-945-8737

E-mail .... deferral.unit@state.or.us

Asistencia en español:

Salem 503-378-4988
Gratis de prefijo de Oregon ... 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617
Toll-free from Oregon prefix . 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.

Property Tax Year	Property Tax Paid	Deferred Tax Running Balance	Lien Fees	6% Simple Interest
2010–11	$1,000	**$1,000**	$40	**-0-**
2011–12	$1,000	**$2,000** *($1,000 + $1,000)*	-0-	**$60** *(.06 × $2,000)*
2012–13	$1,000	**$3,000** *($2,000 + $1,000)*	-0-	**$120** *(.06 × $3,000)*
2013–14	$1,000	**$4,000** *($3,000 + $1,000)*	-0-	**$180** *(.06 × $4,000)*
2014–15	$1,000	**$5,000** *($4,000 + $1,000)*	-0-	**$240** *(.06 × $5,000)*
Five Year Total	$5,000	**$5,000** *(5 years × $1,000)*	$40	**$600** *($60+$120+$180+$240)*
Total amount owed after five years in the program = $5,640 *($5,000 tax + $40 lien fees + $600 interest)*				