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ARCHIVES DIVISION
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NOTICE OF PROPOSED RULEMAKING
INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 150
DEPARTMENT OF REVENUE

FILED
09/25/2020 10:17 AM
ARCHIVES DIVISION
SECRETARY OF STATE

FILING CAPTION: Property tax deferral, Property tax certification

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 10/27/2020 5:00 PM

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

CONTACT: Katie McCann
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955 Center St NE
Salem, OR 97301

Filed By:
Katie McCann
Rules Coordinator

HEARING(S)

Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 10/27/2020

TIME: 9:00 AM - 11:00 AM

OFFICER: Katie McCann

ADDRESS: Remote Hearing -
Conference Call

955 Center St NE

Salem, OR 97301

SPECIAL INSTRUCTIONS:

Conference call line 541- 465 - 2805;

PIN 234470

NEED FOR THE RULE(S):

150-294-0490 – Property Taxes Certified. In 2017, Oregon Laws c.26 §2 created ORS 294.477 which added an exception to local budget law allowing districts to adopt a resolution after July 1 and before September 15 to impose General Obligation (GO) Bond levies that were approved in a May election. The current rule language conflicts with the exception by prohibiting taxes certified more than the amount approved by the budget committee prior to July 1.

150-311-0656 – Deferral criteria when applying with a reverse mortgage. House Bill 2587 (Oregon Laws 2019, ch. 591) passed in the 2019 Legislative Session to allow certain homes with reverse mortgages to qualify for the Senior and Disabled Deferral program. This rule is needed to clarify what information will be considered and required for the senior and disabled deferral program home equity test required by ORS 311.700 for homes subject to certain reverse mortgages.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

Oregon Revised Statutes and Oregon Administrative Rules, both of which are available from the Department or online.

FISCAL AND ECONOMIC IMPACT:

There is no fiscal or economic impact due to these rule changes. The statutes implemented are what cause the impact.

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

1. There is no impact to state agencies and a de minimis effect on the counties and the public. These changes tend to be clarifying or interpretive in nature and do not affect the cost to comply.

2.a. Estimate the number of small businesses and types of business and industries with small businesses subject to the rule:

In 2018, Oregon had approximately 123,000 small businesses with fewer than 250 employees and approximately 105,646 small businesses with fewer than 100 employees. The rules that are the subject of this notice are not estimated to impact any small businesses because they apply to local governments and individuals.

b. There is a de minimis effect on those subject to the rules, as these changes tend to be clarifying or interpretive in nature and do not affect projected reporting, record-keeping or other administrative activities, or costs beyond those required to comply with statute.

c. None anticipated to be required.

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

Small businesses are not anticipated to be impacted by these rules and were not consulted. We communicated and worked with Oregon Association of County Assessors (OSACA) to help determine the effects these rules will have on the property tax system in Oregon.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? NO IF NOT, WHY NOT?

The Department of Revenue did not use a formal Advisory Committee for these rules; however, we did seek and receive input from representatives of OSACA, housing advocates, the Oregon State Bar, and applicants that had applied for 2020 tax deferral under 2019 temporary OAR 150-311-0655. No Administrative Rule Advisory Committee was consulted because the above groups were contacted and they have the interest and expertise necessary to provide adequate feedback on the proposed rule; therefore a committee is unlikely to provide further benefit.

RULES PROPOSED:

150-294-0490, 150-311-0656

AMEND: 150-294-0490

RULE SUMMARY: In 2017, Oregon Laws c.26 §2 created ORS 294.477 which added an exception to local budget law allowing districts to adopt a resolution after July 1 and before September 15 to impose General Obligation (GO) Bond levies that were approved in a May election. The current rule language conflicts with the exception by prohibiting taxes certified in excess of the amount approved by the budget committee prior to July 1.

CHANGES TO RULE:

150-294-0490

Property Taxes Certified ¶

(1) The amount or rate of any property tax proposed to be certified by a municipal corporation which is subject to Local Budget Law cannot exceed the amount or rate approved by the budget committee. The budget committee must approve the amount or the rate of each tax to be lawfully certified to the assessor. Any portion of the certified tax exceeding the amount or the rate approved by the budget committee that was not included in a budget summary republished as required by ORS 294.456(1)(c) will not be extended by the assessor on the assessment roll except as provided in ORS 294.476 and ORS 294.477.¶

(2) The budget committee of a municipal corporation which is subject to Local Budget Law that adopts a biennial budget must approve the total amount or the rate of each tax to be certified each year. Taxes must be certified in each year of the budget period. Any portion of the certified tax exceeding the amount or the rate approved by the budget committee for either year of the budget period that was not included in a republished budget summary will not be extended by the assessor on the assessment roll except as provided in ORS 294.476.¶

~~(3) The budget document must include a complete detail of proposed expenditures requiring levy of property taxes and ORS 294.477.~~

Statutory/Other Authority: ~~ORS 305.100, 294.495~~294.495, 305.100

Statutes/Other Implemented: ORS 294.456

ADOPT: 150-311-0656

RULE SUMMARY: Clarify what information will be considered and required for the senior and disabled deferral program home equity test required by ORS 311.700 for homes subject to certain reverse mortgages.

CHANGES TO RULE:

150-311-0656

Deferral criteria when applying with a reverse mortgage

(1) For purposes of this rule:¶

(a) "Debt" means the current balances due on all liens, judgments, or other outstanding obligations or encumbrances of any kind against the property, regardless of priority.¶

(b) "Home value" means the real market value shown on the last certified tax roll for the homestead, adjusted by multiplying by the year-over-year percentage change in the Federal Housing Finance Agency House Price Index for Oregon, fourth quarter. Information provided by the deferral applicant for use in determining their home value may also be considered at the discretion of the department.¶

(2) For homesteads that were in the property tax deferral program before July 1, 2011 and subject to a reverse mortgage entered into before 2011, no equity test is required and sections (3) to (6) of this rule are not applicable.¶

(3) For homesteads subject to reverse mortgages entered into on or after July 1, 2011, and before January 1, 2017, the homestead must meet an equity test set forth in ORS 311.700(3)(b) at the time of application for deferral. The equity percentage of the property shall be determined as described in section (4) of this rule.¶

(4) Equity equals the home value minus the debt. The equity percentage is calculated by dividing the equity by the home value.¶

(5) To assist the department in calculating the equity percentage in the property, deferral program applicants must provide the department with all the following information along with the application:¶

(a) A mortgage statement for each mortgage currently secured against the house that is issued no more than one month prior to the date the application is submitted which shows the current balance due.¶

(b) The most recent statement(s) of all other debts secured against the property showing the current balance(s) due.¶

(6) The department may require a title encumbrance report issued by a title company be provided by the applicant at any time.¶

[Publications: Contact the Oregon Department of Revenue for information about how to obtain a copy of the publication referred to or incorporated by reference in this rule pursuant to ORS 183.360(2) and ORS 183.355(1)(b).]

Statutory/Other Authority: ORS 305.100

Statutes/Other Implemented: ORS 311.700