TEMPORARY ADMINISTRATIVE ORDER
INCLUDING STATEMENT OF NEED & JUSTIFICATION

REV 3-2019
CHAPTER 150
DEPARTMENT OF REVENUE

FILING CAPTION: Clarification of home equity determination for property tax deferral under Oregon Laws 2019, chapter 591.

EFFECTIVE DATE: 12/01/2019 THROUGH 05/28/2020

AGENCY APPROVED DATE: 10/21/2019

CONTACT: Lois Williams
503-945-8029
955 Center St NE
Salem, OR 97301
RulesCoordinator.dor@oregon.gov

Filed By:
Lois Williams
Rules Coordinator

NEED FOR THE RULE(S):
This rule is necessary to clarify terms and processes for determining eligibility for the senior and disabled deferral program under new law. This rule clarifies what information will be considered and required for the senior and disabled deferral program home equity test that is required under Oregon Laws 2019, chapter 591 (Enrolled HB 2587). It will also clarify how the equity percentage will be calculated. This temporary rule will be applicable for the 2020 deferral application filing season, and is relevant to applications where the homeowner holds a reverse mortgage obtained on or after July 1, 2011 and before January 1, 2017.

JUSTIFICATION OF TEMPORARY FILING:

(1) Failure to adopt this rule is likely to cause deferral application forms for the 2020 application season to be issued later than normal. This may cause some confusion for taxpayers and result in a shorter period of time for taxpayers to file their applications by the statutory deadline. Another concern is that a delay may require shifting resources from other program development work.

(2) Applicants for property tax deferral would be impacted by late availability of forms. The Department of Revenue would bear the burden of reprioritizing or shifting workload to deal with potential taxpayer confusion and delayed system and form development.

(3) Without temporary rule adoption, the department would proceed with a permanent rule adoption process that requires additional time for public notice and a hearing. These delays would push out the development of the application form and system changes beyond the timeframe for timely development, printing, and distribution of the forms.
A temporary rule will be adopted earlier than a permanent rule and provide guidance for the form and system changes with enough time to enact the form and system changes and print and distribute the forms timely.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:
Chapter 591, Oregon Laws 2019 (Enrolled HB 2587), available from the Office of Legislative Counsel or online at https://olis.leg.state.or.us/liz/2019R1/Downloads/MeasureDocument/HB2587


ADOPT: 150-311-0655

RULE TITLE: Deferral Criteria for Homesteads with a Reverse Mortgage

RULE SUMMARY: Clarifies the process for determining home equity at the time of the deferral application for homes with reverse mortgages from 2011 through 2016.

RULE TEXT:
(1) For purposes of this rule:
(a) “Debt” means the current balances due on all liens, judgments or other outstanding obligations 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.

(2) For homesteads that were in the property tax deferral program before July 1, 2011, and are 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 that were entered into on or after July 1, 2011, and before January 1, 2017, the homestead must meet an equity test in which the applicant’s equity in the property equals or exceeds 40 percent of the home value 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 with calculating the equity percentage in the property, deferral program applicants must provide the department with all of the following along with the application:
(a) A mortgage statement(s) issued no more than a month prior to application showing current balance due.
(b) The most recent statement(s) of all other debts against the property showing current balance due.

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

(7) This rule is effective December 1, 2019 and is applicable to deferral applications filed for the 2020-2021 tax year.

[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