



Property Tax work-off programs

Deschutes County Board of Commissioners

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Agenda

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Property Tax work-off program

Department of Revenue

"we collect the revenue Oregon counts on"

Program overview

An eligible senior citizen, or their authorized representative, may enter into a contract with a tax-exempt entity to perform charitable or public service to pay property taxes imposed against their homestead.

The taxing unit may enter into agreement with the tax-exempt organization to accept volunteer work or public service performed by the senior citizen or their authorized representative.

The taxing unit may provide funds or make grants to the tax-exempt organization to implement and carryout the program.

Background



House Bill 3036A 1993



Only legislative comment on record found was from LRO economist Steve Meyer explaining program in brief, without offering any clarification.



Implemented in 1993, amended every session to update a tax year date in (1)d until 2015. No other changes identified.



No knowledge of the program ever being used.

Eligibility



Senior citizen 60 years or older



Homestead is owned and occupied by the senior as primary residence.



Authorized representative is allowed to work for the senior on the program. Must be another senior citizen authorized by the tax-exempt entity.

Taxing unit: authorized to impose ad valorem property taxes



County or City



High school district-
common or union

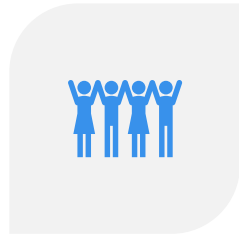


Community college district or
service district

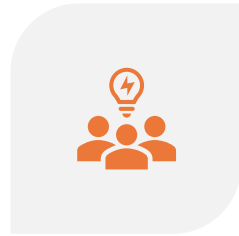
Tax-exempt entity: Exempt from federal income taxes as 501(c)



Charitable organizations



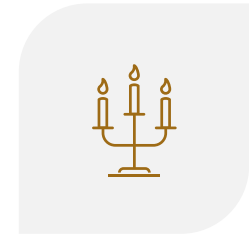
Advocacy groups



Educational and artistic groups



Government entities



Religious entities

Things to consider

- Senior in program is considered an “independent contractor.”
 - 1099-NEC (non-employee compensation) forms required to be issued to Senior annually
 - Income earned is taxable.
- The taxing unit *may* be considered an employer.
 - Subject to unemployment compensation laws
 - Potentially subject to workers compensation laws.
- Performance of charitable or public service in “consideration” of payment of property taxes...
 - Currently interpreted to mean a monetary transaction.

Additional considerations

- Only eligibility criteria for the Senior Citizen is age.
- Low income may be implied but not a criteria.
- “consideration of payment” is ill defined.
- Amount of earnings allowed and how applied is not defined.
- Worker employment status is ambiguous.
- Other states may offer compensation as an abatement or credit, but Oregon does not have this as an option.
- Disposition of unused payments or credits if participant sells home is undefined.

Massachusetts case study



State offers two work-off programs: Seniors 60 years or older, and another for Veterans.



Reduction of up to \$1,500 annually in each program



Criteria for each program is well defined, and established procedures are in place to instruct city or county governments how to implement each program.



Issues such as employment status, treatment of earnings, funding for the programs, process to apply abatements or tax credits, disposition of unused earnings, and tax year applied are all identified in promulgated rules and regulations.

DOR Obligation

- The Department is not required to be involved in implementation of this program.
- The Department will offer guidance if requested or deemed necessary for uniformity and equity in the administration of the property tax system.



General Supervision over the property tax system- ORS 306.115



Write rules to carryout tax administration- ORS 305.100 and 305.102



Duty to construe tax laws of the state- ORS 305.110



Questions?

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Resource Link:

[Massachusetts work-off program](#)