

A-Engrossed
House Bill 3116

Ordered by the House April 12
Including House Amendments dated April 12

Sponsored by Representative KENY-GUYER, Senator FAGAN; Representatives SALINAS, SCHOUTEN, Senators DEMBROW, MONNES ANDERSON

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Requires counties with population of 650,000 or more to use proceeds from sale of foreclosed property to reimburse municipal liens against property for utilities improvements or seismic rehabilitation.

Declares emergency, effective on passage.

A BILL FOR AN ACT

Relating to proceeds of county sales; amending ORS 275.275; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 275.275 is amended to read:

275.275. *[(1)(a)]* **(1)** The proceeds arising under ORS 275.090 to 275.290 and 275.296 to 275.310 must be *[applied]*:

[(A)] **(a)** First, **applied** to refund the county general fund for the full amount *[advanced]* **actually paid** by the county to *[pay]* **advance** the state tax upon all properties upon which the county has foreclosed liens for delinquent taxes;

[(B)] **(b)** Second, **applied** to the county general fund in an amount equal to the penalty and fee described in ORS 312.120 for each property upon which the county has foreclosed a lien for delinquent taxes; *[and]*

[(C)] **(c)** Third, **applied** to refund the county general fund for all the costs and expenses **actually paid** *[incurred]* by the county **incurred** in the maintenance and supervision of the properties and in any suits or proceedings by the county to quiet title to or to defend the county's title to property sold, including suits or land use proceedings to ascertain and determine the actual boundaries of the properties[.];

[(b) The proceeds applied as refunds under paragraph (a)(A) and (C) of this subsection may not amount to more than the tax actually paid and the costs and expenses actually incurred by the county.]

(d) Fourth, in a county with a population of 650,000 or more:

(A) First, distributed to a local government, as defined in ORS 174.116, that has filed a notice, in accordance with ORS 275.130, relating to a local improvement lien arising under ORS 223.680 or 223.685 against the property in the principal amount of the lien, plus any interest and penalties that have accrued to the date of sale of the property.

(B) Second, if the proceeds arise under ORS 275.090 from the sale of real property ac-

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **quired by foreclosure of delinquent tax liens or by exchange for land originally acquired by**
2 **foreclosure of delinquent tax liens, applied to an account or fund created in the discretion**
3 **of the county treasurer, in or outside of the county general fund, for use under ORS 271.330**
4 **to provide:**

5 (i) **Funds for housing placement and retention support services for youth and families**
6 **with children;**

7 (ii) **Flexible rental assistance for housing placement for youth and families with children;**
8 **or**

9 (iii) **Funds to develop new low income housing that is affordable to youth and families**
10 **with children with 30 percent or lower median family income.**

11 (C) **Third, except as provided in subparagraph (B) of this paragraph, applied to the county**
12 **general fund; and**

13 [(c)] (e) **Fifth**, except as provided in paragraph (d) of this subsection, [*after the refunds author-*
14 *ized under paragraph (a) of this subsection are made, the county treasurer shall credit to the county*
15 *general fund proceeds arising under ORS 275.090 to 275.290 and 275.296 to 275.310]* **if the proceeds**
16 **arise** from the sale of real property acquired by the county in a manner other than by foreclosure
17 of delinquent tax liens or by exchange for land originally acquired by foreclosure of delinquent tax
18 liens, **applied to the county general fund.** The proceeds described in this paragraph include pay-
19 ments for the real property sold under a purchase agreement pursuant to ORS 275.190 or 275.200.

20 [(d) *In a county with a population of 650,000 or more, after the refunds authorized under para-*
21 *graph (a) of this subsection are made, the county treasurer shall credit:*]

22 [(A) *The proceeds arising under ORS 275.090 from the sale of real property acquired by foreclosure*
23 *of delinquent tax liens or by exchange for land originally acquired by foreclosure of delinquent tax*
24 *liens to an account or fund, created in the discretion of the county treasurer in or outside the county*
25 *general fund, for use under ORS 271.330 to provide:*]

26 [(i) *Funds for housing placement and retention support services for youth and families with chil-*
27 *dren;*]

28 [(ii) *Flexible rental assistance to place youth and families with children into housing; or]*

29 [(iii) *Funds to develop new low income housing that is affordable to youth and families with chil-*
30 *dren with 30 percent or lower median family income.*]

31 [(B) *Except as described in subparagraph (A) of this paragraph, the proceeds arising under ORS*
32 *275.090 to 275.290 and 275.296 to 275.310 from the sale of real property acquired by the county in any*
33 *manner, including payments for the real property sold under a purchase agreement pursuant to ORS*
34 *275.190 or 275.200, to the county general fund.*]

35 (2) The proceeds arising under ORS 275.294:

36 (a) Must be credited to the county general fund by the county treasurer, if received from a lease
37 or conveyance granting rights to explore, prospect for or remove biogas that is produced by de-
38 composition of solid waste at any land disposal site or former land disposal site owned by the
39 county. As used in this paragraph, "land disposal site" has the meaning given that term in ORS
40 459.005.

41 (b) Must be segregated from the portion of the proceeds described in paragraph (a) of this sub-
42 section and deposited in a separate account maintained by the county. Interest earned on the seg-
43 regated portion of the proceeds must be credited to the account established under this paragraph.

44 (c) May be used, in an amount that does not exceed 10 percent of the proceeds, to reimburse a
45 taxing district within the county for costs and expenses necessarily incurred by the district in pro-

1 viding improved, additional or extraordinary services required on lands in the county as a result of
2 exploration, drilling, mining, logging or other activities authorized under a lease or conveyance un-
3 der ORS 275.294. As used in this paragraph, “improved, additional or extraordinary services” in-
4 cludes, but is not limited to, fire protection and road construction and maintenance.

5 (d) May be used to reimburse the county for its actual costs and expenses incurred under this
6 subsection and under ORS 275.294 for:

7 (A) The maintenance and supervision of a lease or conveyance granting rights to explore, pros-
8 pect for, mine or remove valuable minerals, oil or gas from the lands;

9 (B) The maintenance and supervision of a lease or conveyance granting rights to conduct
10 underground storage, as defined in ORS 520.005; and

11 (C) Litigation resulting from a lease or conveyance described in subparagraph (A) or (B) of this
12 paragraph.

13 (3)(a) After a portion of the proceeds arising under ORS 275.090 to 275.290 and 275.296 to 275.310
14 and a portion of the proceeds arising under ORS 275.294 are applied as provided in subsections (1)
15 and (2) of this section, the balance of the proceeds arising under ORS 275.090 to 275.290 and 275.296
16 to 275.310 and the balance of the proceeds arising under ORS 275.294, including the payments for
17 land sold under contract pursuant to ORS 275.190 or 275.200, must be distributed by the county
18 treasurer as follows:

19 (A) First, to a municipal corporation that has filed a notice, in accordance with ORS 275.130,
20 relating to a local improvement lien against the property from which the sale proceeds are derived.
21 The amount of the distribution to each municipal corporation must be in the principal amount of the
22 lien, plus the interest and any penalties that accrued to the date of sale of the property.

23 (B) Second, to governmental units in accordance with the formula provided in ORS 311.390 for
24 the distribution of tax collections. The amount distributed to governmental units must be the amount
25 remaining after the distribution, if any, under subparagraph (A) of this paragraph.

26 (b) Notwithstanding ORS 294.080, as used in this subsection, “balance of the proceeds” includes
27 all accumulated interest earned on the proceeds arising under ORS 275.294 that are segregated
28 pursuant to subsection (2)(b) of this section, unless a court of competent jurisdiction rules otherwise.

29 (4) Distribution of moneys under subsections (2) and (3) of this section must be made on or be-
30 fore June 30 in each year.

31 (5) The county treasurer or auditor shall verify the costs and expenses to be reimbursed under
32 subsection (2) of this section.

33 (6) The county treasurer shall distribute reimbursements under subsection (2) of this section in
34 accordance with an order of the governing body of the county.

35 (7) Notwithstanding subsection (1) of this section, a county with a population of 650,000 or more
36 may convey real property acquired by foreclosure of delinquent tax liens or by exchange for land
37 originally acquired by foreclosure of delinquent tax liens as provided in ORS 271.330.

38 **(8) The proceeds applied as refunds under subsection (1)(a) and (c) of this section may**
39 **not exceed the tax actually paid and the costs and expenses actually incurred by the county.**

40 **SECTION 2. This 2019 Act being necessary for the immediate preservation of the public**
41 **peace, health and safety, an emergency is declared to exist, and this 2019 Act takes effect**
42 **on its passage.**