

**Testimony Submitted by  
Chris Coughlin, Policy Director  
Oregon Consumer Justice  
To the House Committee on Revenue**

2/15/24

Regarding: Opposition to HB 4056

Chair Nathanson, Vice-Chair Reschke, Vice-Chair Walters, and Members of the Committee,

For the record, my name is Chris Coughlin, and I appreciate the opportunity to testify on behalf of Oregon Consumer Justice today in opposition to HB 4056.

Oregon Consumer Justice (OCJ) is a nonprofit consumer advocacy organization committed to advancing a justice movement that puts people first through policy, community engagement, and the law. We believe all should be free to thrive and equitably share in our abundance of resources. For too long, flawed systems and economic policies that favor profits over people have stood in the way of this reality, with communities of color most often experiencing the most significant harm. Strengthened through responsive and reciprocal community relationships, OCJ is building a future where financial and business transactions can be relied upon as safe and where all Oregonians know and have recourse to exercise their consumer rights.

As made clear through the Supreme Court's ruling in [Tyler v Hennepin](#), Oregonians are entitled to surplus proceeds from tax foreclosure sales. For too long, Oregon law has allowed counties to engage in unconstitutional takings, leading to home equity theft impacting generations of Oregonians.

Tax foreclosures have a disproportionate impact on older Oregonians and communities of color. Robust outreach and communication for those experiencing financial distress are essential.

HB 4056 needs more consumer-centered processes addressing multigenerational ownership succession and assistance for those whose first language isn't English. The unclear bill language could allow counties to skip probate, resulting in generational home equity theft. Additionally, there are no requirements for notices and mailings to be sent in the homeowner's native language or for county-provided assistance for those foreclosures - options that would help ensure those going through the foreclosure process are protected and well-informed.

It is essential for any new legislation in this area to avoid creating new barriers for homeowners. HB 4056 including the -1 amendment attempts to limit homeowners' rights and develop burdensome processes for reclaiming the equity homeowners are owed while ensuring that county liability is limited.

OCJ believes a longer statute of limitations is necessary to give homeowners the time to navigate the foreclosure process. The benefit to the counties for a two-year statute of limitations is nothing compared to the loss of equity Oregonians will experience if they cannot request what is rightfully theirs in time. Equally, an extended lookback period is essential in ensuring that as many Oregonians as possible can exercise their constitutional right to be free from takings and right the wrong they have suffered.

Before Tyler v Hennepin, counties had their own reasons to ensure that homes were sold at a reasonable or fair market value. Now that counties can no longer disburse the surplus into their general fund or to other purposes they prioritize, merely requiring that a property is sold at its tax value is inappropriate. A property's tax value can be significantly lower than its fair market value and Tyler v Hennepin is meant to ensure that home equity isn't taken by the county. HB 4056 must establish clear expectations that hold the county accountable for getting an adequate and fair price when selling a homeowner's foreclosed property.

OCJ believes clear and reasonable methods are necessary in calculating charges related to the tax foreclosure process. The current proposal includes a laundry list of charges to cover county costs. OCJ believes this is a significant policy question and needs to align with Tyler v Hennepin.

While addressing the Supreme Court Ruling from Tyler v Hennepin is necessary, our concern lies with the lack of a robust stakeholder process that includes community-based organizations that help support homeowners as they navigate the foreclosure process, as well as representation of communities most impacted by property tax foreclosures. We acknowledge the counties' stated desire to have a uniform process that limits their liability, but we have significant concerns that HB 4056 is a shortsighted solution. Too many policy decisions are being proposed without adequate stakeholder involvement, and too many questions are going unanswered. HB 4056 was crafted without input from advocates and representatives from the impacted communities - voices that need to be at the table. Tax foreclosure is a complicated issue that requires the utmost consideration. We are concerned that in the counties' rush to get something in place to limit their liability, they may actually be opening the door for additional litigation.

OCJ is committed to the goal of getting just compensation out to all the homeowners and heirs who have been wronged. However, we are concerned that a sense of urgency to get a process in place will lead to a flawed process without adequate assistance to help homeowners navigate the process. That combined with an inadequate statute of limitations, and no clear standards for determining value will mean for many people their rights will be limited.

OCJ welcomes the opportunity to participate in a robust stakeholder process during the interim to bring a comprehensive bill to the 2025 Legislature.

Thank you for your consideration and your service to Oregon's communities.