



February 16, 2024

House Committee of Revenue
900 Court Street NE
Salem, OR 97301

Re: Letter of Support – House Bill 4056, Property Tax Foreclosure Surplus Funds

Dear Chair and Members of the Committee:

As a follow up to the hearing held for House Bill 4056 on Thursday, February 15, 2024, Deschutes County is providing this letter of support for the pending bill as it is critical for clarification and uniformity in the processing of surplus funds relating to tax foreclosures throughout the state. During Thursday's hearing, testimony was given both in support and in opposition of the bill. There were a few points made that we wanted to take the opportunity to provide clarification and further information with the hope that the committee would consider as it moves in the direction of a decision.

1. Many counties, including Deschutes County, perform years of robust outreach to property owners above and beyond the statutory notification requirements prior to ever taking deed to a property. Additional outreach may include phone calls, subsequent follow-up letters and site visits to make personal contact with property owners. Often these additional outreach measures provide property owners with support in finding ways to remedy their situation. Sometimes just a human touch gives them the level of hope they need to collaboratively work together to find a solution versus feeling “stuck” or “paralyzed” in fear.
2. Based on the current requirements in ORS 275.275, when a tax foreclosed property is sold at auction, counties may make itself “whole” by reimbursement of expenses related to the administrative function leading up to the tax deed and management and supervision of the property post-tax deed. Additionally, if there is a state lien on the property for senior tax deferral, for example, this is also paid by the county and reimbursed by sales proceeds. This reimbursement of expenses would not change under the proposed HB 4056; rather, it is the possible distribution of remaining funds that may change. Currently, remaining funds are not retained by counties, but rather distributed to the taxing districts annually. The clarity that is needed is who the counties should provide the distributions, if any.

3. During the hearing, there were questions around how a county applies “value” to a property and a level of concern on whether proper value would be applied to properties if HB 4056 is passed. This can be done by either a) using the real market value as noted on the latest certified tax roll as determined by the Assessor’s Office, or b) as fixed by the governing body that can be less than the Real Market Value (RMV). At Deschutes County, we engage a licensed real estate broker to provide a ‘broker price opinion’ (BPO). These generally cost \$300-\$500 per property, which covers their time. This is similar to what one would do if they were to sell their home. When engaging a real estate broker, they review comparable sales in the market and provide a recommended sales price.

After we receive the BPO, we reduce the amount by 20%, which is what we use as our minimum bid for the property. It is seldom where the winning bid does not exceed the original BPO (before the 20% discount). In cases where the winning bid does not exceed that amount, it is generally unique properties with underlying issues and rarely properties with site improvements such as houses. It is also important to note that often the RMV is much less than a BPO. It is the County’s position that utilizing a real estate broker is a fair and unbiased way to determine a credible value for real property.

As we continue to navigate this issue, Deschutes County recognizes the need for a cohesive solution and requests your support so that counties have a clear path forward. If HB 4056 does not pass this short session, counties will be required to create one-off processes without guidance from the state, resulting in inconsistency in the processing of surplus funds throughout the state.

Thank you for your consideration.

The Deschutes County Board of Commissioners



Patti Adair
Chair



Anthony DeBone
Vice Chair



Phil Chang
Commissioner