

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

3/6/24

Regarding: Support for HB 4056A

Chair Meek, Vice-Chair Boquist, and Members of the Committee,

For the record, my name is Chris Coughlin. I am the Policy Director for Oregon Consumer Justice. I appreciate the opportunity to testify today in support of HB 4056A.

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. As Oregon determines how to address the implications of the Hennepin ruling, protections for the property owners involved have to be carefully considered and centered in the processes moving forward. 4056A provides key protections for property owners now and a path to move forward to bring legislation forward in 2025 to enact uniform processes across the state.

.Tax foreclosures have a disproportionate impact on older Oregonians and communities of color. Robust outreach and communication for those experiencing financial distress are essential. As introduced, the bill would have created barriers to homeowners seeking relief, reduced surplus amounts owed, and instituted narrow statutes of limitations, thus further harming Oregonians. Amendments proposed on the House side continued to leave key policy questions unanswered including issues around how the value of the property is determined, what costs counties should deduct to determine the surplus, how a claimant is defined (especially when dealing with heirs), the length of the Statute of Limitations, and what is the adequate level of notice and outreach.

OCJ appreciates all the work Representative Conrad did on this bill, especially over the last two weeks to try to come to agreement. Unfortunately, that was not possible. We appreciate Representative Nathanson listening to all the stakeholders and working to develop amendments that you see before you in HB 4056A. OCJ supports the amended bill.

As amended, HB 4056A will move Oregon towards fair policy, and compliance with the Constitution, by requiring:

1. Counties to establish processes for notice, valuation, and right for a surplus;
2. Surpluses to be held in an interest-bearing escrow account until returned;
3. Protection of the ability for lienholders to collect from the surplus, including for child support and victim restitution;
4. A pause in the new transfer of deeds to the county at the last step in the foreclosure process while surplus processes are being developed; and
5. Oregon Department of Revenue to coordinate stakeholder input to develop recommendations for a uniform statutory process and have a report by September 15 to be ready to bring legislation in 2025.

HB 4056A provides two key protections for property owners that are needed now – holding surpluses in an interest-bearing escrow account and a pause on the transfer of deeds to counties while surplus processes are being developed. It also creates a path for the Oregon Department of Revenue to convene and facilitate a process to develop a uniform process during the interim to bring back in 2025.

OCJ welcomes the opportunity to participate in a 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.