



Legislative Fiscal Office
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Bill Title: Relating to surpluses from the disposition of foreclosed property; prescribing an effective date.

Government Unit(s) Affected: Department of Revenue, State Treasurer, Judicial Department, Department of Justice, Counties, Cities

Summary of Fiscal Impact

2025-27 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Oregon State Treasury	\$ -	\$ -	\$ 568,589	\$ -	\$ 568,589	2	1.76
Total Fiscal Impact	\$ -	\$ -	\$ 568,589	\$ -	\$ 568,589	2	1.76
2027-29 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Oregon State Treasury	\$ -	\$ -	\$ 600,653	\$ -	\$ 600,653	2	2.00
Total Fiscal Impact	\$ -	\$ -	\$ 600,653	\$ -	\$ 600,653	2	2.00

Measure Description

The measure establishes a process for former owners, heirs, or successors, to claim the surplus value of real property seized and disposed of by counties due to property tax delinquency. The measure directs counties to provide notices for foreclosure proceedings, redemption period expiration, and any surplus amount remaining less allowable costs to the county to the claimant, Oregon State Treasury (OST), Department of Revenue (DOR), Department of Justice (DOJ), and municipality where the property is located. Additionally, these notices are required to be made available online through the OST and applicable county websites.

The measure modifies how foreclosed real property is managed by counties. After the expiration of the redemption period, at least two years, counties may retain or transfer property to local organizations and nonprofits for public benefit. Additionally, the measure discusses rules for counties selling property such as when an appraisal is required, the process for selling through real estate agents or public auction, and the rules for advertising the sale.

The measure requires counties to deliver the surplus to OST for deposit and submit a report to the Treasury within 30 days of determining the surplus value, including an itemized list of allowable costs deducted when determining the surplus. The measure permits OST to adopt rules governing these reports.

Fiscal Analysis

Oregon State Treasury

The estimated fiscal impact of this measure for OST is \$568,589 Other Funds and two permanent full-time positions (1.76 FTE) in the 2025-27 biennium and \$600,653 Other Funds and two permanent full-time positions (2.00 FTE) in the 2027-29 biennium.

Foreclosure surplus proceeds would be considered a new type of property under OST's Unclaimed Property Program. The Treasury estimates it will require two Program Analyst 2 positions to support the new foreclosure surplus process: a Claims Specialist for the claims team and a Reporting and Compliance Analyst for the holder reporting team. The estimated cost of the positions, including personal services and standard position-related services and supplies costs is \$543,089 Other Funds.

Additional estimated costs include a one-time investment of \$10,500 Other Funds for system reprogramming, to enable tracking of the new property type, and ongoing costs of \$15,000 Other Funds per biennium for increased call center services related to claims. OST anticipates costs associated with the measure would be funded with existing revenue streams in Trust Property.

Counties

This fiscal impact for counties is indeterminate and is dependent on the number of properties counties are required to hold and the length of time counties are required to hold those properties before selling or transferring ownership. However, the measure allows counties to deduct certain allowable costs, including penalties, legal fees, court filing fees, taxes, appraisals, and interest from the value of the property to fund related operating expenses.

Other Entities

There is a minimal fiscal impact to the Department of Justice, Department of Revenue, and Oregon Judicial Department and no fiscal impact to cities.

Relevant Dates

The measure takes effect on the 91st day after sine die.

The measure applies to claims where the claimant received notice on or after May 25, 2023.

Notice of surplus for claimants who received notice of expiration of the period of redemption before the effective date of this measure shall be issued within 60 days of the effective date of this measure.