



JACKSON COUNTY

Oregon

County Administration

Shannon Bell
*Senior Deputy County Administrator/
Tax Collector*

10 South Oakdale, Room 214
Medford, Oregon 97501
Phone: 541-774-6535
Bellsa@jacksoncountyor.gov

www.jacksoncountyor.gov

January 30, 2025

Representative Nancy Nathanson, Chair
State of Oregon
House Committee On Revenue
900 Court Street NE, H-279
Salem OR 97301
Rep.NancyNathanson@oregonlegislature.gov

Representative Jules Walters, Vice-Chair
State of Oregon
House Committee On Revenue
900 Court Street NE, H-489
Salem OR 97301
Rep.JulesWalters@oregonlegislature.gov

Representative E. Werner Reschke, Vice-Chair
State of Oregon
House Committee On Revenue
900 Court Street NE, H-383
Salem OR 97301
Rep.EWernerReschke@oregonlegislature.gov

RE: Comments on Oregon House Bills 2088, 2089, and 2096 (2025)

Dear Chair Nathanson, Vice-Chair Reschke, Vice-Chair Walters, and Members of the House Committee On Revenue:

On behalf of the Jackson County Board of Commissioners, this letter highlights the potential consequences that several proposed legislative changes, specifically Oregon House Bills (HB) 2088, 2089, and 2096 (2025), could have on Jackson County. There is extreme concern that the requirements in these Bills would make it nearly impossible to comply with the obligation to implement foreclosure proceedings due to the excessive cost and additional workload demands required of these proposals.

The proposed provision in Section 1 (1)(a)(B) requires notifying all owners, heirs of deceased owners, lienholders, and mortgagees at the beginning of the foreclosure process. While understanding the intent behind this requirement, the logistical and financial implications for Jackson County would be devastating. Under the current foreclosure process, the initial foreclosure notice is mailed to the property owners. Every year, the County sends notices to between 200 and 250 owners who are delinquent on their property taxes by first-class and certified mail. After one year, title reports are ordered from a title company for any properties for which the property taxes are still outstanding, usually less than 50 per year. It is at this time when lienholders are notified by the County that the taxes are delinquent. As you can see, the majority of owners pay before a title report is required and additional notices are sent. The new provision would require the County to order title reports on the initial 200 to 250 properties listed every year. As title reports cost between \$250 and \$450 per property, the annual cost of title searches alone would increase from \$12,500 to \$112,500. This additional title report requirement will also cause a delay in processing the foreclosure judgments due to the exponential increase in the number of reports needed.

Increased postage and materials costs are another impact of this proposal. Notices, which are currently only two pages long, cost approximately \$8.86 each in postage to mail, both first-class and certified. The proposed provision

in Section 1 (3)(a) would require each notice to be made in English and the five other most commonly spoken languages in the State, in at least 20-point font type. The additional language inclusion itself will double the size of the notice. Adding in the additional notices to heirs of deceased owners, lienholders, and mortgagees will increase the postage cost potentially tenfold.

The proposed provision in Section 1 (3)(c) requires that the Sheriff of the county post a copy of the first notice on the noticed properties. This is yet another expensive and, in our opinion, unnecessary step to provide notice that will not have a meaningful impact. Under the current process, Taxation staff make a significant effort to contact the owners and interested parties directly, long before the redemption period expires.

Finally, it appears that existing or proposed statutes would not permit the County to recover the cost of these new requirements as expenses incurred in the foreclosure and sale process. Thus, the costs would be the burden of the County's General Fund.

In addition, there are several other items in the Bills that are highlighted as problems or concerns:

1. Section 1 (3)(b)(B) requires the redemption period end date to be included in the initial notice. However, this date is unknown until a judgment is filed, which occurs after the initial notice is mailed. Compliance with this requirement is a legal and practical impossibility.
2. Section 3 would require notice of surplus within 60 days after the date on which a claim for surplus could be made to the claimant's last known address, the State Treasury, Oregon Department of Revenue, United States Department of Justice, and the municipality in which the property is located.

Section 4 requires notice one year prior to the redemption expiration date to the Oregon Department of Revenue, the United States Department of Justice, and the municipality in which the property is located.

Both of these new notice requirements add another cost burden to the County.

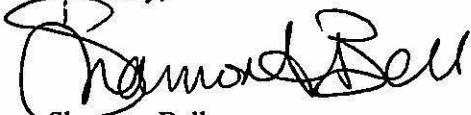
3. Section 6 requires the County to list foreclosure properties with a real estate broker or agent. If the County is unable to find a real estate broker or agent after three attempts or is unable to sell a property within one year, then the County shall conduct a public, high-bid auction that requires an online bidding process in real-time, advertising in a multiple listing service for at least 30 days, and the property to be appraised by a private appraiser. These additional costs can be recuperated from the sale proceeds. As an initial comment, the current in-person auction is adequate in ensuring a fair price is received for sold properties. Additionally, there are the following concerns with these specifics of the provision:
 - a. Real estate broker or agent requirement: There is little foreseeable interest from real estate professionals due to the nature of the properties (often smaller or unbuildable lots) and issues such as difficulty obtaining clear title and financing.
 - b. Three attempts at entering into an agreement with a real estate broker or agent or one year of trying to sell: This means that property may have to be managed by the County for up to a year longer than before, which results in accruing additional property management expenses and increasing the risk of the accumulation of waste and vandalism of the property.
 - c. Public auction with an online, real-time bidding process: This would be extremely complicated, cumbersome, and expensive to implement for so few properties that are sold each year (between 5 and 10).
 - d. Private appraiser requirement: This could add significant time to the process. Appraisers are often overbooked, making it challenging to secure appraisals.

4. Section 7 (3)(b)(F) defines the reasonable fees of the foreclosure and sale of the property, including costs of legal fees, delivering notices, county staff time, court filing fees, appraisals, professional real estate commission, and auction fees. It does not mention other property management costs while the property is in the County's care, such as cleanup fees, utility payments, irrigation fees, and State Fire Patrol Fees. These costs incurred for property management must be included in the allowable costs. The County does not have a choice on whether or not a property is worth foreclosing upon, as foreclosure is mandated under the Oregon Revised Statutes (ORS). The County's General Fund should not be burdened to provide services on these properties, which the County is required to service, without the ability to recover the cost thereof.
5. Section 6 (2)(b) states that when a property is sold at auction, that the property shall be sold to the highest bidder, provided that the bid exceeds the outstanding taxes and allowable costs owing on the property. However, Section 6 (2)(c)(D) states that the minimum starting bid is to be two-thirds of the property's fair market value, which shall be the higher of a current appraisal or current assessment conducted within 60 days after the expiration of the redemption period. These requirements appear to conflict, as there will be instances where two-thirds of the property's fair market value does not cover the outstanding and allowable costs owed on the property. If the Legislature is going to mandate the terms of the foreclosure auction, the minimum bid must be the higher of the amount of outstanding taxes and allowable cost owing or two-thirds of the property's fair market value.
6. HBs 2088 and 2089 are identical except for Section 11 – Applicability to new foreclosures. HB 2088, considered the "look-back" bill, states that the 2025 Act applies to claims for which the claimant received notice under ORS 312.125 on or after May 25, 2017. HB 2089, considered the "look-forward" bill, states that the 2025 Act applies to claims for which the claimant received notice under ORS 312.125 on or after May 25, 2023. There are no changes to note between HB 2096 and HB 2089.

These provisions significantly complicate the foreclosure process, adding administrative and financial burdens that Jackson County, with its small staff and limited resources, cannot sustain. Many foreclosed properties in Jackson County are vacant lots with minimal value, and the costs of compliance with these new requirements could outweigh the value of these properties, further straining County resources. The County urges you to advocate on its behalf and communicate the practical challenges and unintended consequences of these proposed changes to the relevant stakeholders.

Thank you for your continued support and representation. Please let us know if there is any additional information or data that can be provided to assist in your discussions.

Sincerely,



Shannon Bell
Senior Deputy County Administrator/Tax Collector