

January 30, 2025

House Committee on Revenue
900 Court Street NE
Salem, OR 97301-4048

Subject: Letter of Opposition - House Bill 2089, Property Tax Foreclosure Surplus Funds

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

For the record, my name is Miles Palacios. I am here today to testify in opposition to the current state of House Bill 2089 and the foreclosure surplus bills as a whole.

The Association of Oregon Counties (AOC) is a non-partisan member organization that advocates on issues that unite all county governing bodies and have an impact on county functions, governance, budgets, and services. Oregon counties are tasked with the responsibility of managing the property tax foreclosure process on behalf of local governments. In our current foreclosure processes, county offices work diligently to notify property owners of their delinquent property taxes and their options to resolve these issues. Our priority is for properties to avoid foreclosure and when foreclosure is unavoidable, that the process resolves the matter unambiguously and legally.

What we often find with foreclosed properties is that they are abandoned, condemned, untouched for years, or in other various stages of disrepair. However, there are indeed properties that go into foreclosure where a home is lost; where a surplus of funds is present after property taxes are recouped and expenses reimbursed to the county; where monies were unconstitutionally retained by the county. In all foreclosure cases, Oregonians deserve transparency in the process, predictability in outcomes, and to be made whole in resolution.

A legislative solution is a necessity.

If no legislative action is taken this session, counties will find themselves without guidance as they seek to follow the *Tyler v. Hennepin County* ruling. As introduced, these bills lack clarity and a uniform solution for the state. The result could mean a different claims process for every Oregon county, increased liabilities for all local government agencies, and frustration for everyday Oregonians seeking support. Without action we could see counties locked in litigation for years, draining vital resources from counties— resources funded by taxpayers.

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AOC was in support of HB 4056 (2024) and were engaged in the interim workgroup. We attended those meetings with a clear mission driving our suggestions for a legislative fix: make Oregonians whole while maintaining the integrity of County capacity. That is why we are in opposition to the language of these three bills. And why we respectfully offer these recommendations to amend HB 2089:

- House all surplus dollars in the Oregon State Treasury and use the established unclaimed properties program to ensure Oregonians may be able to recover any surplus dollars they have a right to.
- Once surplus funds are transferred to the State Treasury, release counties from liability in the foreclosure process relating to the distribution of surplus funds.
- Do not require counties to hire a real estate agent to maximize the sale value of the property. The result would be an unfunded mandate due to an unfounded expectation that counties would be able to reimburse themselves for these services with foreclosure sale dollars.
- Utilize Title VI Limited English Proficiency (LEP) guidelines to create a standard for counties to use when selecting languages for notices of foreclosures.
- Reaffirm that counties should manage the sale of foreclosed property as currently outlined in statute, ORS 275.110 - ORS 275.220.

The amendments we offer for HB 2089 will solidify in statute solutions to the constitutional issues raised by the *Tyler v. Hennepin County* ruling that are legally sound, provides counties with a uniform process to resolve foreclosure surpluses, and is thoughtful of the needs of everyday Oregonians. We urge the committee to consider these amendments. Thank you for your time this afternoon.

With gratitude,

Miles Palacios
Legislative Affairs Manager
Association of Oregon Counties

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